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FINANCIAL TIMES

No. 26,980 Thursday May 27 1976 ***10p

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CONTINENTAL SELLING PRICES: AUSTRIA S.12; BELGIUM Fr.28; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.20; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.30; SWITZERLAND Fr.1.50.

NEWS SUMMARY

Six sent IRA letter bombs

THE ATTORNEY-GENERAL, a High Court judge and senior British Army officer were among people who yesterday received a spate of letter bombs bearing stamps or Northern Irish postmarks. In each case, the devices were defused or exploded. But Commander Roy Habershon, head of Scotland Yard's terror squad, said the devices were "even more bad" than those used in previous onslaughts.

The letter to Mr. Sam Silkin, Attorney-General, was received at his Temple chambers. It was removed and used after staff had been alerted. Justice Shaw, who had sentenced on eight occasions, including the Price case, at the Winchester trial of the London car bombers, had police after receiving a package containing a paper book at his Kensington home. The package contained three ounces of explosives.

Another bomb was delivered to Major General Lord Justice Shaw, commander of the Forces in Northern Ireland at the time of London's "bloody Sunday" in January. Other bombs were sent to Home Office officials. One, a chocolate box, went to the Home Department, at Horseferry House, Westminster. The package to Lord Justice Shaw was postmarked Coleraine, Northern Ireland.

Lord Justice Shaw is believed to have headed an IRA death list since 1973 when he passed life sentences on eight people for car bombings in London. The Home Office bombs were found during a searching machine. Scotland Yard has advised anybody who receives a suspicious letter or parcel to leave it alone and call the police and do not put it in the water. The last letter bomb received in England were in September. Four months ago, letter bombs were defused after being delivered to two Dublin judges.

Advice
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Business
Equities slip 8.5 to lowest in 4 months
● GILTS dropped, with sentiment undermined by predictions of higher interest rates. Longs lost up to a point and the Government Securities Index fell 0.36 to 61.96.

● **EQUITIES** lost ground on bear selling. The FT 30-Share Index fell 8.5 to 390.5, its lowest in four months.

● **STERLING** fell 1.4 cents to \$1.7220. Its trade-weighted depreciation was 39.2 (38.5) per cent. The dollar's was 1.28 (1.47) per cent.

● **GOLD** gained \$1.50 to \$126.125.

● **WALL STREET** was up 0.08 at 971.77 near the close.

● **MERGER** between crane and hoist maker Herbert Morris and Amalgamated Industrials would be against the public interest and should not be permitted, said the Monopolies Commission. Back Page

● **ELECTRICITY** industry is planning to raise prices by an average of 3 per cent. in July, instead of the 4 1/2 per cent. expected earlier. Page 7

Ruling by Speaker puts shipbuilding takeover at risk

BY RICHARD EVANS, LOBBY EDITOR

The future of the Government Bill nationalising the major parts of the aircraft and shipbuilding industries is in serious jeopardy following a procedural ruling by the Speaker in the Commons yesterday.

Everything now depends on the division to-night at the end of a debate in which the Government will try to effect a return to the Commons ruling that the Aircraft and Shipbuilding Bill is a hybrid measure affecting private interests and therefore subject to different Parliamentary rules.

If the Government wins the key division, Ministers will attempt to complete the Bill's passage through Parliament by the end of this session, but if, as is quite possible, the move is defeated, there will be no prospect of the Bill becoming law before next year at the earliest. All the indications last night were that the Liberals, Scottish and Welsh Nationalists, the United Ulster Unionist MPs and Mr. John Stonehouse (English National Party) will join forces with the Conservatives to challenge the Government.

On paper, Labour, if joined by the two Northern Ireland independent MPs, Mr. Gerry Fitt and Mr. Frank Maguire, has exactly the same number of votes as the combined parties. It is the prospect of many months of uncertainty for the two industries that makes Ministers determined to push the measure through this session, despite furious protests from all Opposition parties that the Government is "bending the rules" and damaging Parliamentary democracy.

Mr. Foot faced the angriest Commons scenes for years when he announced his plan to allow MPs to take a decision on the future of the legislation. Yells of "cheat", "dictatorship" and "Foot, leader of the Reichstag" were hurled at the Minister and some Conservative back-benchers gave Nazi salutes as Mr. Foot battled against the uproar.

Furious Tories argued that he should accept the Speaker's ruling that the Bill was hybrid and allow it to go to a special Select Committee where companies affected by the legislation could petition for equal treatment with those excluded. But Mr. Foot, in the Commons, and later Mr. Eric Varley, the Industry Secretary, at a Press conference, argued forcefully that if the legislation was allowed to fall, the shipbuilding industry in particular would face the most acute problems.

"If we are not allowed to proceed the shipbuilding industry would get into a state of total disintegration," he claimed. "Its prospects would have been damaged beyond repair."

He pointed out that 70,000 people were employed in the industry in areas of high unemployment and the only way orders could be won was on a nationally integrated basis. The Speaker's ruling followed by a challenge from Mr. Robin Maxwell-Hyslop, Tory MP for

Fall in pound 'will mean new cut in real incomes'
BY ANTHONY HARRIS
THE FALL in sterling—which is forecast to continue through 1977, though at a very much slower rate—will mean a new cut in real incomes, though output and the balance of payments will benefit, says the National Institute of Economic and Social Research in its May review.

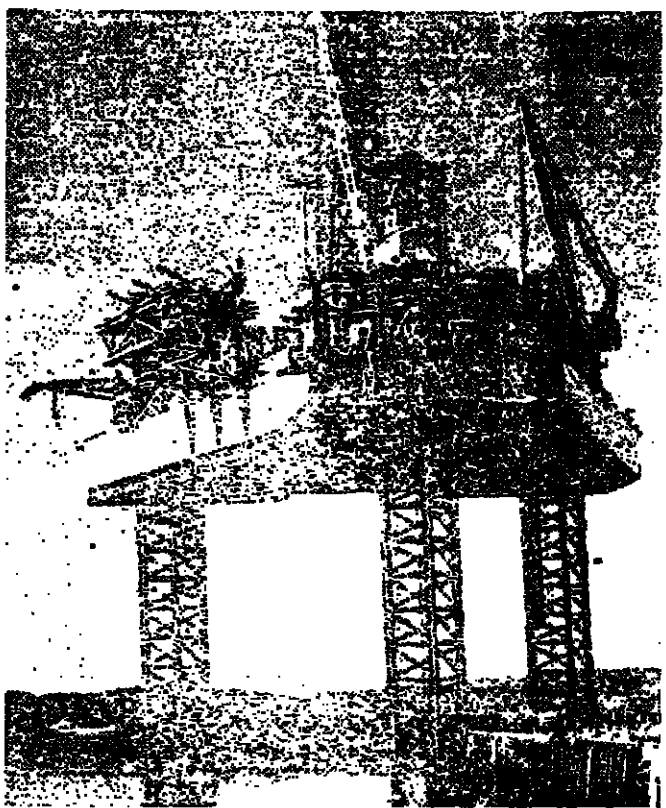
It therefore sees counter-inflation policy, including monetary policy and a further, more flexible stage of pay restraint, as remaining the main economic problem facing the Government in the coming year.

Latest average real incomes are to grow one more, and even if differentials are to be restored, says the Review, "the performance of the economy must improve. We have concentrated on the incomes problem not because we consider this to be the most important issue in the long run, but because we consider the permanent solution of the inflation problem to be a gateway through which we must pass if there is to be a long-run recovery."

In the longer run the Review says that the problem must be tackled through detailed policies affecting manpower use, investment and technology. The Review thus supports the main lines of Government economic strategy, but is a great deal less optimistic about the prospects for success in the next 18 months.

It forecasts economic growth of just under 2 per cent. over the next 12 months—half the Government estimate in the Financial Statement issued at the time of the Budget. The Institute's forecast for export volume and private investment

THE 'SHIP' AT ISSUE



The Key Victoria at the Marathon yard.

It's a platform says Marathon

BY JOHN WYLES IN LONDON AND RAY PERMAN IN GLASGOW

MARATHON Shipbuilding Company of Clydebank continued to regard itself as a manufacturer of oil drilling platforms last night despite the Speaker's ruling that the Key Victoria built at the yard in 1974 is a ship.

While the prospect that public ownership may after all be averted was raising hopes of some shipbuilding companies and sending shivers of apprehension through others, Mr. John Allison, Marathon's managing director, declared that the Key Victoria was "primarily a mobile self-elevating drilling platform" and was classed as such by the American Bureau of Shipping.

However, the constitutional imbroglio surrounding shipbuilding nationalisation stems from the Speaker's decision that the Key Victoria was covered by the Bill's definition of a ship as a "floating or submersible vessel with an integral hull and, except in the case of a warship, of over 100 gross tons."

This ruling brought Marathon within the terms of the Bill because it meant that the company satisfied both the qualifying conditions for nationalisation set out in the legislation. It was building a "ship" (the Key Victoria) on the July 31, 1974, specified date and its yard, as a former member of the Upper Clyde Shipbuilders group, had been involved in producing more than 15,000 grt of ships in the three years up to that date.

Key Victoria was the second

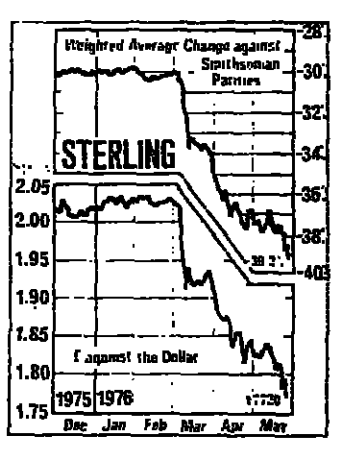
Sterling closes at record low

STERLING moved sharply to late dealings yesterday to continue the pattern set in the first two days of this week. It finished at a worst-ever closing level against the U.S. dollar in London at \$1.7220, a fall of 1.40 cents on the day. Earlier in the afternoon it touched \$1.6885, which is almost equal to the lowest level touched in New York last Friday.

Trading in the foreign exchange market has continued at a fairly low level throughout the early part of this week, and one or two late orders have tended to create exaggerated movements in rates. The pound was firm at around \$1.7845 until early yesterday afternoon, but was then adversely affected by an order to sell sterling from a European centre. This was not believed to represent a further movement out of the pound by an oil-producing country.

For the week, however, the pound has been in a generally quiet condition, and the market closed early yesterday before the Ascension Day holiday. Most Continental centres will close today for Whit Sunday, and the London and New York markets will be closed on Monday. The meeting of foreign exchange dealers in Washington on Friday may add to the low level of business.

An improvement in the U.S. trade deficit in April supported the dollar, and in present conditions may also have had a particularly depressing effect on sterling. The pound's depreciation as calculated by the Bank of England, widened to its worst-ever level of 39.2 per cent. from



the previous 38.5 per cent., while the dollar's depreciation on the Morgan Guaranty basis, narrowed to 1.28 per cent. from 1.47 per cent.

Although the dollar improved against most European currencies, an indication of the present nervous state of the market may be seen from the continued strength of the Swiss franc, which appears to be viewed as a safe haven for funds by international investors in the current uncertain conditions. The Swiss franc closed at Sw.Frs.2.461 in terms of the dollar, compared with Sw.Frs.2.471 previously.

Continued on back page

Olympia announces The merger of the year

A heavy-duty add-lister. With a full-function calculator. More versatile—and more productive!

It's Olympia's new electronic calculating add-lister—the CPA 1200. Now your operator can do multiplication and division as well as pluses and minuses. In any combination, with sub-total storage. Percentages, markups and discounts. Constant factor calculations. Simple and compound interest. Averages and means, with built-in item counts.

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FT PRICE CHANGES YESTERDAY

Secs in pence unless otherwise indicated		
ICI	380	-10
Grp. Peterboro.	38	+4
ICI Sugar	32	+5
ICI Petroleum	32	+5
State Geddul	1,141	+1
ICI Gold	430	+30
ICI Marley	213	+1
ICI Montrose	1,173	+2
ICI Minerals	175	+12
FALIS		
ICI 91pc '86	192	-1
ICI 131pc '87	1,591	-1
ICI 97pc '88	1,591	-1
ICI 97pc '89	1,591	-1
ICI 97pc '90	1,591	-1
ICI 97pc '91	1,591	-1
ICI 97pc '92	1,591	-1
ICI 97pc '93	1,591	-1
ICI 97pc '94	1,591	-1
ICI 97pc '95	1,591	-1
ICI 97pc '96	1,591	-1
ICI 97pc '97	1,591	-1
ICI 97pc '98	1,591	-1
ICI 97pc '99	1,591	-1
ICI 97pc '00	1,591	-1
ICI 97pc '01	1,591	-1
ICI 97pc '02	1,591	-1
ICI 97pc '03	1,591	-1
ICI 97pc '04	1,591	-1
ICI 97pc '05	1,591	-1
ICI 97pc '06	1,591	-1
ICI 97pc '07	1,591	-1
ICI 97pc '08	1,591	-1
ICI 97pc '09	1,591	-1
ICI 97pc '10	1,591	-1
ICI 97pc '11	1,591	-1
ICI 97pc '12	1,591	-1
ICI 97pc '13	1,591	-1
ICI 97pc '14	1,591	-1
ICI 97pc '15	1,591	-1
ICI 97pc '16	1,591	-1
ICI 97pc '17	1,591	-1
ICI 97pc '18	1,591	-1
ICI 97pc '19	1,591	-1
ICI 97pc '20	1,591	-1
ICI 97pc '21	1,591	-1
ICI 97pc '22	1,591	-1
ICI 97pc '23	1,591	-1
ICI 97pc '24	1,591	-1
ICI 97pc '25	1,591	-1

Council spending up on forecast

BY COLIN JONES

THE GOVERNMENT'S hopes of keeping a tight restraint on public expenditure have been set back by evidence of a further increase in local authority spending.

Latest returns from the 455 councils in England and Wales suggest that their current expenditure over their own housing in 1976-77 may turn out to be about 3 per cent. to 4 per cent. higher in constant price terms than was envisaged when this year's rate support grant was settled last November.

This is equivalent to about £350m. to £500m. at November 1975 prices, or roughly half the Government's contingency allowance for the current year. The accuracy of these forecasts is open to some doubt, mainly on the question of how individual local treasurers have distinguished between real increases in spending and the effects of pay and cost increases.

But the same returns show that local authorities probably spent about 1 per cent. to 2 per cent., or £150m. more in 1975-76 than was thought likely last November.

The rate of local spending this year has therefore started on a higher real base than was assumed both for the rate support grant and in the last Public Expenditure White Paper.

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Exports still lead way as industry picks up

BY ADRIAN HAMILTON

THE PICK-UP in industrial activity is gathering pace in Britain with exports continuing to lead the way, according to the latest CBI Monthly Trends Enquiry released yesterday.

The inquiry, conducted earlier this month, indicates a generally optimistic picture of economic revival painted by the more detailed quarterly trends survey published by the Confederation last month, although it indicates some disturbing signs of rising prices.

The intake of new orders, particularly export orders, has been generally growing over the last five months, with half the respondents reporting an increase and only 15 per cent a decrease.

Over the next four months, there has been again an increase in the "balance" of companies expecting a continuing rise in output in the last month.

In the last inquiry, in April, a majority of 26 per cent of respondents expected such a rise. In the latest inquiry, a majority or "balance" of more than 32 per cent (44 per cent expecting an increase and only 11 per cent expecting a decrease) was recorded.

The most optimistic feature—confirmed by evidence from other sources such as the Department of Trade, Treasury and Bank of England—is the way in which exports rather than domestic demand seems to be leading the way.

Consumer goods

Consumer and intermediate goods industries are in the vanguard of this trend. But what is also encouraging is the early inquiries that capital goods, particularly in the electrical engineering industry, are beginning to pick up at a relatively earlier stage than usual in this phase of the cycle.

The main exception are some sectors of mechanical engineering, although even here the "fall" is slowing down according to the CBI.

One disturbing feature of the latest inquiry is the number of companies expecting to increase the domestic prices of their goods.

Around 70 per cent of respondents were predicting their prices to rise over the next four months.

according to the survey, against only 1 per cent expecting a fall in the average prices at which their domestic orders were booked.

These predictions—again representing a weaker balance than the last survey—presumably reflect the fall in the value of the pound. But they cannot be taken as a sign of the Government's hopes of seeing an early reduction in inflation rates to single figures.

At this time, the evidence of revival in manufacturing activity in the country has to be set against the extremely low levels to which output had fallen last year; the variations in expectations between sectors and the continuing surplus of capacity in most industries.

Nevertheless, the latest figures are uncomfortably close to the figures appearing at this stage in the previous cycle, just before the "boom" of 1973, and there are already fears that the country could experience the same problems of imports and shortages, that occurred on the last occasion.

Sea oil effluent under control

By David Fishlock, Science Editor

IT SHOULD be possible to maintain the average oil content at 30-40 parts per million in effluent from North Sea oil drilling operations, according to a study by the Government's Unit on Environmental Pollution released yesterday.

The unit has been investigating the implications for the marine environment of the North Sea oil drilling operations and their accompanying discharges of the oil-contaminated effluent.

Its studies indicate that a maximum effluent oil concentration of 100 parts per million from platforms should not be exceeded for more than 2 per cent of the time.

They also suggest that new technology, still not fully evaluated, may be able to reduce the average oil concentration to 20 parts per million.

At oil terminals, an average oil concentration of 10-15 parts per million could be maintained with present-day technology such as plate separators and/or gas flotation units, and secondary treatment could improve it still further—at an additional expense.

Uncommitted

But the study does not commit itself to an estimate of the maximum oil concentration that can be expected to accumulate in the North Sea.

More precise information is needed, the report concludes, to assess both the natural dispersal power of oil and the effects of low levels of oil pollution over long periods of time.

It also notes that accurate analytical systems need to be developed for the continuous monitoring of the effluent from an oil water treatment system.

In a forward, Mr. Anthony Crosland, Secretary for the Environment, promises a further report on the risks and benefits of oil pollution.

The separation of oil from water for North Sea Oil Operations. Pollution Paper No. 6. SO. 65p.

Open-cast plan

THE NATIONAL Coal Board yesterday announced plans to start open-cast mining on 260 acres of land in Wear Valley, Co. Durham. The site will produce 1.5 million tons of coal over the next two years.

RACING Counterfeit Lady has chance

COUNTERFEIT LADY, who has finished out of the frame in all her four races since out-classes the opposition in the Fintona Stakes at Goodwood last July, could provide the answer to this afternoon's Sussex Handicap at Brighton.

Michael Stoute's highly attractive 3-year-old filly, who followed up her Goodwood victory by running fifth to Pasty in the Lowther Stakes at York, where she appeared to fall through lack of stamina, has had one race this season.

Three weeks ago at Wolverhampton she never appeared likely to take a hand in the finish to the 1200-yard race, for which she was backed down to 2-1 on from an opening show of evens.

Although that was a particularly disappointing display on the Mildred course, I am prepared to believe that she simply had an off-day and give her one more chance to show that she has lost none of her ability or enthusiasm.

With her 100 lb. jockey, a strong lightweight Bob Cullen and a course which puts little

premium on stamina, Counterfeit Lady certainly has every opportunity to return to winning form. I hope to see her justly rewarded.

BRIGHTON
2.00—Japski
2.20—Miss Diver**
3.00—Counterfeit Lady***
3.30—Cliveden Reach
4.00—Pernell
4.30—Aller Britain

YARMOOUTH
2.15—Gay Alice
2.45—Royal Doon*
3.15—Bigho
3.45—Movement
4.15—Brands Hatch
4.45—Farfisa

CARLISLE
2.45—Abercrombie
3.15—Liberty Light
4.15—Open Doors
4.45—Bidenes

trainer's faith in her by out-pacing top weight Kellystown. A second possible winner for Newmarket is Miss Diver, among

the runners for the five-furlong Shoreham Stakes.

Mr. David Robinson's game Deep Diver filly has run well on each of her three appearances and last time out she put up a particularly creditable display when running the fast Easy Landing to two lengths in Chester's Sceptre Stakes. Miss Diver had the remaining eight runners headed by Friendly Kiss, well beaten.

I expect to see her gain a well deserved first success at the main expense of the once-raced Welsh Friend.

Turning to Yarmouth, where Stoute can add to his tally through the 1200 yards, it could pay backers to take a chance with the lightly-weighted Royal Doon in the Vincent Handicap.

Tom Weight's strongly made chestnut ended last season by beating Dubello by three quarters of a length when, in two recent outings, he should now be back to something approaching his best.

SALEROOM BY MICHAEL THOMPSON-NOEL

School cashes in on its coins

THERE WERE SMILES all Blenheim and an early verge round at Sotheby's yesterday, where the first part of a two-day sale of Greek, Roman and English coins from the collection of Westminster School.

The school, which is a pre-sale forecast of about £38,000. "Every lot was sold," said the auction house jubilantly. The sale continues this morning.

The highest price, £3,200, plus 33.33 per cent premium, was paid privately for an Ionian coin c. 480 BC, showing a naked rider on horseback. The pre-sale estimate for this was £850.

Virtually all the 336 coins sold outstripped their pre-sale forecasts. A silver tetradrachm of Carthage, struck during the Punic Wars, sold for £3,000 (forecast £1,750) and a tetradrachm c. 300 BC made £2,500 (estimate £1,000) to the same anonymous buyer.

More modestly Sotheby's sale of 18th, 19th and 20th-century English and Continental paintings came to £16,398, including £380 for a set of five coaching scenes by Charles Webb, watches, barometers and scientific instruments.

At Christie's, the sale of British Commonwealth stamps finished at £59,484. At Phillips, a sale of ceramics and glass realised £23,087, including £750 for a desert service by D. Wilson of Hanley.

Henry Spencer's sale of the remaining contents of Kingston Hall, Nottinghamshire, brought in £25,560.

The largest batch of letters by Florence Nightingale to appear on the market will be sold at Sotheby's next month and is expected to fetch up to £5,000.

The letters, 360 in all, belong to Sir John Verney. They provide a detailed picture of her life and preoccupations in the 30 years before her death in 1910.

The sale of literary and historical documents, also includes original drawings for Little Dorrit by Philip and a beggar letter to a nobleman for £4,000 signed jointly by Mary Queen of Scots and Lord Darnley.

The stamp market is still in effervescence mood. Robson Lowe staged the second part of a two-day dispersal of Great Britain essays, proofs and issued stamps from the collection of the late M. St. John for a total of £102,806, more than £40,000 above the pre-sale estimate.

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Orkney makes first oil fund payments

ORKNEY has made its first disbursement of revenues from North Sea oil-related activities. The Orkney Islands regional council decided to put £150,000 into a development and social fund and to make an initial payment from the fund to 19 community councils now being set up.

The Orkney council received £500,000 "disturbance payment" from the Occidental consortium, which has a £121m terminal on the Scaja Flow Island of Flotta for its Piper and Claymore fields.

£0.6m. grants for derelict land schemes

THE WELSH Development Agency is to give grants totalling more than £800,000 for derelict land reclamation schemes at Gwauncae-Gurwen, West Glamorgan and Pontypool, Gwent, it was announced yesterday.

The schemes, which involve the clearance of coal tips and industrial waste land, will yield nearly 80 acres for industrial, recreational and housing use.

Although the Hartlepool company would not give definite figures yesterday, a spokesman said each employee would receive several hundred pounds. When the yard completed its last platform 12 months ago, each worker received £400.

The present tender, submitted two years ago, was for £26m, but the company said it had now increased to £38m, because of inflation and design modifications.

The platform is the last order on Laing's books and about 1,800 workers face redundancy within a month of the float-out.

Northern MPs, the North of England Development Council and trade unionists are campaigning for more work for the yard. The effect of any redundancy, the say, could lead to another 4,000 redundancies in ancillary industries throughout the North-East.

The company and unions are to meet Mr. Anthony Wedgwood Benn, the Energy Secretary before the float-out, to discuss diversification to try to save some of the jobs.

Laing's £800,000 bonus for oil platform men

Laing's £800,000 bonus for oil platform men

BONUSES TOTALLING about £800,000 are to be paid to nearly 2,000 workers of Laing Offshore, based in Teesside, for completing a North Sea oil platform ahead of schedule.

The float-out of the platform for Barmah Oil Development's Thistle Field is planned for the first or second week of July, two or three weeks ahead of plans.

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RAC Rally sponsor

BY JOHN GRIFFITHS

THE Royal Automobile Club yesterday signed an agreement with Lombard North Central under which the finance house will spend £200,000 to sponsor the RAC Rally for the next three years. The agreement ensures the survival of the British classic at a time when mounting costs have threatened increasingly to curtail major motor sport events from grands prix to the Safari rally.

Under the contract, Lombard

will spend £110,000 on promotion and £30,000 a year to meet organisation costs such as the 38p per mile per car the RAC will now have to pay the Forestry Commission for the use of the 300 miles of forestry roads in November's event.

This year's start and finish will be at Bath, the expected 200-car entry covering 1,900 miles of England, Wales and Scotland in three days and nights.

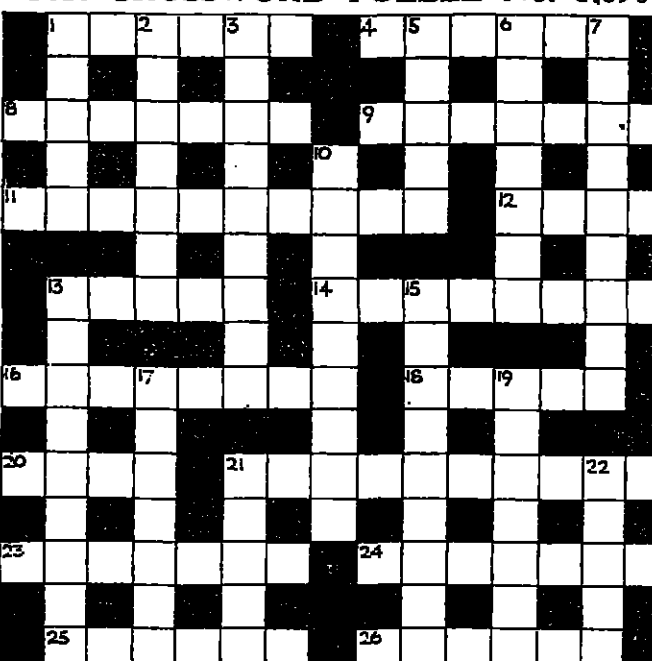
TV/Radio

↑ indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.41 For Schools. Colleges. 12.25 p.m. On The Move. 12.45 News. 1.00 Pobble Mill. 1.45 Fingerbobs. 2.00 You and Me. 2.15 For Schools. Colleges. 3.20 The 60 70 Show. 3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole and the

F.T. CROSSWORD PUZZLE No. 3,090



- ACROSS**
- 1 Leave a position for custodian (6)
 - 2 Everybody split in total (3, 4)
 - 3 Socially unacceptable when not playing well (2, 3, 4)
 - 4 Fish for person caught napping (6)
 - 5 Retaining support to article from pen of Australian (7)
 - 6 Preserve labels of university men (7)
 - 7 Subordinate gets job of ensuring late delivery (6, 4)
 - 8 Provisional question going to the country (4)
 - 9 Medium part of extra diocesan duties (5)
 - 10 Like foreign gent to meet disaster (8)
 - 11 Hospital doctor sounds like a poet (8)
 - 12 "How this world is given to" (KH IV) (5)
 - 13 Draw to doctor before morning (4)
 - 14 Price paid by a female supporter going to Virginia or another holiday centre (5, 5)
 - 15 Courteous enough to make a French leader romance (7)
 - 16 See to water supplies for estates (7)
 - 17 Presidential home put in cathedral by disease (6)
 - 18 College servant given money for making planer of Paris (6)
- DOWN**
- 19 Planned over direction of open space (15)
 - 20 Everybody split in total (3, 4)
 - 21 Socially unacceptable when not playing well (2, 3, 4)
 - 22 Unsuitable paint mixer (5)
 - 23 Planning out the art of snooker (7)
 - 24 How a masseur bets by (4, 5)
 - 25 Distinctive feature a foreign capitalist has to face (6, 4)
 - 26 Sportsman's weapon with which to swindle and plunder (4, 5)
 - 27 Leaping to season a right winger (9)
 - 28 Fine and warm and soundly abstract (7)
 - 29 Raids entrances (7)
 - 30 Produce little beast to student in hollow (5)
 - 31 Archdeacon upset doctor out of spite (5)
- Solution to Puzzle No. 3,089**
- PERFORMANCE** COB
A D S N E K R
O M T E C A S I A G E
M O R T A L I T Y
D E F E N S I V E H E A R T
P O I N T G A R D
O V E R P U R P O S E
A P P R O P R I A T E
R U T T E R A
P I S T O L A G E A V I A T
T I O N E L E M E N T A L I T Y

11.05 To-night

11.05 Weather Regional News. All regions as BBC 1 except at the following times:
Wales: 11.40 p.m. Billoidwedd. 11.40 News and Weather for Wales.
Scotland: 11.40-11.55 p.m. Report on Scotland. 11.55-12.00 p.m. PGA. 11.55-12.00 p.m. Bonn Comradh (North and North West Scotland). 11.40 News Summary and Weather for Scotland.
Northern Ireland: 11.40-11.55 p.m. Northern Ireland News. 11.40 News and Weather for Northern Ireland.
England: 11.40-11.55 p.m. Look North (from Leeds). Manchester, Newcastle). Midlands: Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University. 11.00 Play School. 11.40 For Schools. 12.00 News. 12.45 News. 1.00 Pobble Mill. 1.45 Fingerbobs. 2.00 You and Me. 2.15 For Schools. Colleges. 3.20 The 60 70 Show. 3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole and the

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Hospital. 4.25 Children's Film

Matinee: "Revolt at Fort Laramie".
5.30 News from ITN.
6.00-6.15 Wales Today. 6.15-6.25 Heddidi. 8.20-8.30 Bideogedd. 11.40 News and Weather for Wales.
Scotland: 11.40-11.55 p.m. Report on Scotland. 11.55-12.00 p.m. PGA. 11.55-12.00 p.m. Bonn Comradh (North and North West Scotland). 11.40 News Summary and Weather for Scotland.
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ANGLIA

1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News. 8.55 The News. 9.25 The News. 9.55 The News. 10.25 The News. 10.55 The News. 11.25 The News. 11.55 The News. 12.25 The News. 12.55 The News. 1.25 a.m. Anglia News. 2.00 Women Only. 4.25 The News. 4.55 The News. 5.25 The News. 5.55 The News. 6.25 The News. 6.55 The News. 7.25 The News. 7.55 The News. 8.25 The News.

Record review

Songs of praise

by RONALD CRICHTON

Elgar. The Dream of Gerontius. LP and CD. HMV ASD 3185. £12.99. This is a fine recording of the sacred music of Edward Elgar's *The Dream of Gerontius*. The vocal soloists are superb, and the orchestra is excellent. The recording is of high quality and is a must for any collection of Elgar's works.

Mendelssohn. Symphonies 1 and 2. LP and CD. HMV ASD 3185. £12.99. This is a fine recording of Mendelssohn's first two symphonies. The performance is excellent, and the recording is of high quality. It is a must for any collection of Mendelssohn's works.

We have waited long for Sir Adrian Boult to follow in the steps of the great Sir John Barbirolli. The new recording of *The Dream of Gerontius* is a masterpiece. Boult's performance is of a high standard, and the recording is of high quality. It is a must for any collection of Elgar's works.

The Royal Ballet's touring section is at the company's ancestral home until mid-June, and I suppose that no further recommendation is needed. Certainly, Tuesday's opening programme of the season found the dancers well able to cope with a wide range of styles, tender in *La Fête Etrangère*, sleekly assured in *Unfamiliar Playground*, and dramatic in *Checkmate*.

Of these three works, *Fête Etrangère* is the most difficult. The sudden shifts of mood and tempo, the intricate patterns of the dance, the delicate balance of the music, all demand a high level of skill and precision. The dancers are well up to the task, and the production is of a high standard.

The production by András is a masterpiece. The designs by Gabor Forrai are of a high standard, and the costumes are of a high quality. The music is of a high standard, and the performance is of a high quality. It is a must for any collection of Elgar's works.

un-fruitful Angel of Helen Watts quite avoids the suspicion of sacred goo present in the richly-toned singing of Yvonne Minton in the Britten set. Miss Watts' restraint and Boult's command of a long, large paragraph also remove the taint of too-muchness from the final pages. Robert Lloyd, the splendid voice striding through the texture like a bass, is equally impressive as a soloist. The semi-chorus are notably well done by the John Aldis Choir. Anyone buying a first recording of *Gerontius* should hear both the Decca and this new set, to make the choice between Boult and Lloyd. Boult, Pears and Gedda, LSO and NPO. Incidentally, the Sargent recording of 1945 with Heddle Nash has been re-issued.

The sound of the Berlin Philharmonic under Karajan is so bewitching that one immediately and ungenerously wonders if Mendelssohn's "First" Symphony (C minor, op. 11) can stand a lunch-leaving paragraph as the wonder-boy's phenomenal ability to write for the orchestra was already at the age of 15 fully developed. In any case, though published as "No. 1", this was in fact the successor to twelve earlier symphonies.

No. 2, the *Hymn of Praise* or *Lobgesang*, is a work with a long history. The first version, written in 1845, was a symphony in G major, and it was this version that was first performed in 1846. The second version, written in 1850, was a symphony in G major, and it was this version that was first performed in 1851.

The choral part was a success in Victorian England from the first performance at Birmingham Town Hall soon after the work's premiere in 1840 at the Leipzig Thomaskirche. The duet "I waited for the Lord" can still charm, especially with a soprano. The *Watchman* episode shows how Victorians could enjoy sentimental music, and the work's respectability is proved by the fact that it was first performed in 1840.

The presentation of *Checkmate* also had much to commend it. The ballet itself is well made, both in its parts and in its overall momentum. The designs by Gabor Forrai are of a high standard, and the costumes are of a high quality. The music is of a high standard, and the performance is of a high quality. It is a must for any collection of Elgar's works.

crash course of the best collected books, but when the pace slackens the general effect is pleasing, with warm colours like russets and blues and greys. Nothing very original or specially illuminating to the obscure action, but infinitely preferable to the company's last shot at early Verdi, the *Nabucco* of dismal memory.

were also below form, one wonders if the reason isn't simply that singers to-day find the music tedious. Note that these two records, here issued on their own, may also be obtained as part of a complete set of the five symphonies.

Muti and the New Philharmonia Orchestra do well by the "Scottish". Few conductors succeed in making one feel the slow movement does not turn pasty before the end and Muti is not one of the exceptions, but the gentle melancholy of the first movement is nicely caught, the skirling scherzo is as usual a delight, especially when the orchestra has a go at the tune. Those same horns are splendid in the end of the finale, baying away like Monarchs of the Glen.

But the main attraction is the overture *Calm Sea and Prosperous Voyage*, once popular (Elgar quoted from it in the *Enigma Variations*) now half-forgotten. It is based on two short poems of Goethe, set earlier by Beethoven as a cantata. The English title is a halfhearted mistranslation: it should be something like "Unwelcome calm and welcome breeze," both poem and music belonging to the age of sail (Tovey's note on the work is well worth looking up). The twin sea-pieces, which most interestingly anticipate Britten's *Billy Budd* scoring with whistling piccolos, are admirably done, and the recording, by the Swiss Frank Martin, is a composer of limited range but genuine talent, faithful to his chosen style, sober, economical, elegant, to the end of a long career. His *Polyptych* for strings and double string orchestra made an immediate impression when Menuhin first played it in London a few years ago and makes one again in this recording by the original interpreter with his own orchestra.

The Zurich band for which Martin wrote. Though *Polyptych* was sparked off by a series of Sienese panels of scenes from the Passion, this is not pictorial music, rather a sequence of meditations in which the solo violin is used in various guises, as the voice (or thought) of Jesus, as Judas, as the final "Image of Glorification" simply as the principal voice uniting the two orchestras. The language is Martin's, accurate, guileless, slightly Victorian. There is a feeling of means perfectly adjusted to ends. Menuhin responds with alacrity to the restrained eloquence of the solo part. Traces of insecurity in the bowing arm if anything add to the speaking quality of his tone. He is heard again in the same composer's *Ballade* for viola, wind and percussion (with the favourite Martin combination of harp and harpsichord), but apart from the scherzo section this is less compelling than the *Polyptych* for flute (Aurèle Nicolet), string orchestra and piano. Edmond de Stoutz conducts the Zurichers in the *Flute Ballade*, and both orchestras in *Polyptych*. Michael Dobson is in charge of the Menuhin Festival Orchestra for the *Viola Ballade*.

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Letter from Munich

New Philharmonia

by GILLIAN WIDDICOMBE

Touring, with a large orchestra, is a quixotic undertaking. So much depends on the acoustics of each hall; on the stamina of players and conductor (they may have been travelling since six in the morning); and on the economic expediency of the schedule, which probably involves hopping from one city to another, with no time for rehearsal. If one travels with them, one sees and hears so many degrees of on-and-off playing that it becomes impossible to make a detached rating of any specific occasion: the shuffling of problems and possibilities is too fascinating. Why were the woodwind out of tune? Which string section played behind the beat too often? Why did the brass play better for the conductor who avoided subdivisions? The orchestra begins to resemble a Bosch panel, and the art of performance becomes a nightmare of organisation. A single concert, in an important city may be less impressive, but it gives a more realistic impression.

In Munich last week I heard the New Philharmonia with their principal conductor Riccardo Muti. They were nearing the end of a gruelling tour of Germany and Austria, an official tour, in that it was sponsored by the British Council. Actually the Munich concert, in the rather shabby acoustics of the Congress-Saal in the Deutsche Museum, was part of a cycle of European concerts promoted there by Winderstein, but was backed up by EORTC, the European organisation raising money for cancer research.

As you leave the Rolling Stones' concert there, huddled among the rubbish, is the squatting queue for the few available tickets for the next night's performance. Well, it is worth the wait, the money, all the fuss. The Rolling Stones' concert at Earl's Court which end-to-night, justly much of the boo-bah. There is no reason to disagree with their own view that they are the greatest rock 'n' roll band in the world. The Stones have tremendous style, and their class and confidence shows itself in the money they are lavishing on their performance. It is all quite an experience.

The problem is, of course, the sound. The unlovable cavern of Earl's Court distorts the music so that it's about as clear as the record player at a basement party in the next street, and since Mick Jagger's voice tends naturally towards the raucous, anyone sensitive to melody should stay away. For the first 40 minutes the nastiness of the amplification, plus the mediocre songs from the new Stones album which are rather boringly presented, make the concert a potent sensitive to melody should stay away.

Then suddenly it all comes alive as Jagger rubs up against the sound. The unlovable cavern of Earl's Court distorts the music so that it's about as clear as the record player at a basement party in the next street, and since Mick Jagger's voice tends naturally towards the raucous, anyone sensitive to melody should stay away.

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It was a gala concert in an abandoned setting, if you know what I mean. The NPO were in remarkably good form. The hall was too reverberant (the orchestra set on a raised platform, so that one heard the sound only after it had travelled round a high ceiling from one monstrous sea-green organ) for the kind of close-up inspection to which we are accustomed in London. For example, one heard too little from the woodwind on the (10) seat where I was sitting. But two things were clear. That working intensively with Muti suits the NPO—his ideas were clearly projected, in terms of phrase shaping and tonal coloration. And that they were making a more distinguished sound, section by section, than a couple of years ago. That sound was neither brilliant and edgy nor honey-rich and glowing; rather it was clear, firm, a pleasant, malleable sound.

A popular programme. First Muti conducted Mozart's little C major symphony, No. 34. Of the three movements the opening Allegro was the most delicately done, with supple, cordial phrasing throughout the ensemble. The Andante began attractively, then lacked variation: the finale was like a balloon, bobbing around. But the sprightliness of Mozart's violin writing had evidently served Muti and the NPO's leader Carlo Prini as model for their material throughout the tour, for the next item was a dexterous performance of the Four Sea Interludes from Peter Grimes, opening with

from Peter Grimes, opening with a glossy encore. A cliché, maybe, to remark that Muti's approach to the Grimes interludes was lyrical, expansive. "Italian-sounding." However, the language was more that of Respighi than Puccini, for the performance had plenty of speed and colour, and relatively little reminiscent lingering. I have a fairly obvious theory that those who grow up with the whole opera regard the first three interludes as sections of relief and understatement: whereas those who approach them as purely orchestral sequences, develop, like Muti, a more flamboyant interpretation. The hall's acoustics muffled the finesse of Grimes's dynamic gradings, but the first three interludes contained much silky string playing, and lively wind articulation. Muti took the storm very fast (Britten's marking is fast): I thought it lost impact, like a whirlwind with indigestion. The percussion section seemed to imagine that they were bashing out toe-warmers, not church bells on Sunday morning. They and a slushy bassoon problem, were probably mishaps endemic in touring.

Finally, Chakovsky's Fifth. Muti avoided Germanic conventions—sombre phrasings and ponderous rhythms—in favour of a plastic reading, with interesting timing and little, secure string playing. Woodwind solos seemed a little bland. But that may have been peculiar to where I was sitting. Verdi's overture from *La forza del destino* was played as a glossy encore.

In the more subdued surroundings of the Albert Hall that world-weary troubadour Leonard Cohen gave his well-worn faithful a skin flick through the pages of his time-worn philosophy of despair and pessimism. The show, long at well over two and a half hours, was held together by the deep brown timbre of his voice and the black exorcism he brings to most of his work. Nearly all the material was well known and at times the musical balance was patchy but he has the presence to carry it off. Plus, though, that his image is a little stuck that the very good work numbers fail to be determinedly introspective.

His awareness of all that is shabby in his fellow man was rammed home relentlessly and he is ready to be made aware. However, I do not have to live with it all the time. STUART ALEXANDER

Earl's Court

Rolling Stones

by ANTONY THORNCROFT

As you leave the Rolling Stones' concert there, huddled among the rubbish, is the squatting queue for the few available tickets for the next night's performance. Well, it is worth the wait, the money, all the fuss. The Rolling Stones' concert at Earl's Court which end-to-night, justly much of the boo-bah. There is no reason to disagree with their own view that they are the greatest rock 'n' roll band in the world. The Stones have tremendous style, and their class and confidence shows itself in the money they are lavishing on their performance. It is all quite an experience.

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voy Hotel

Patachou

by B. A. YOUNG

I could find my copy of *Women in the Praise of Savoy* in the Patachou, a small, dark, and somewhat shabby, but charming, cabaret in the heart of the French Quarter. The Patachou is a small, dark, and somewhat shabby, but charming, cabaret in the heart of the French Quarter. The Patachou is a small, dark, and somewhat shabby, but charming, cabaret in the heart of the French Quarter.

adachou's age is her own, but under her silver hair, she is the very embodiment of youth. She wears a deep blue dress that is a dress as far as the waist and turns into a skirt thereafter; there is no line of limbs, just a lissom line, a repertoire of gesture intimate and half stately, songs are of pure, "What else I've been," she sings English. "I've been in love with you," she sings. "I've been in love with you," she sings. "I've been in love with you," she sings.

production by András is a masterpiece. The designs by Gabor Forrai are of a high standard, and the costumes are of a high quality. The music is of a high standard, and the performance is of a high quality. It is a must for any collection of Elgar's works.

Sadler's Wells Theatre

The Royal Ballet

by CLEMENT CRISP

The Royal Ballet's touring section is at the company's ancestral home until mid-June, and I suppose that no further recommendation is needed. Certainly, Tuesday's opening programme of the season found the dancers well able to cope with a wide range of styles, tender in *La Fête Etrangère*, sleekly assured in *Unfamiliar Playground*, and dramatic in *Checkmate*.

Of these three works, *Fête Etrangère* is the most difficult. The sudden shifts of mood and tempo, the intricate patterns of the dance, the delicate balance of the music, all demand a high level of skill and precision. The dancers are well up to the task, and the production is of a high standard.

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to tell of the first unhappiness in life, and yet not destroy the dream-like atmosphere established by the Fauré music and the Fedorovich setting. Tuesday's performance, with David Morse as the boy and Margaret Barberi as the bride, did well: we could feel the darkening of emotions as the winter days end.

Unfamiliar Playground succeeds despite its score, a yardage of electronic wall-paper that extends Christopher Bruce's choreographic inventions to unnecessary lengths. But the company performs, with the dancers leaping and curving, through Nadine Baylis' setting, is fine, exceptionally so in the case of June Highwood. Her contemplative solo, with its contractions and bold sweep of limbs, reveals her as a dancer wonderfully endowed for modern movement.

The presentation of *Checkmate* also had much to commend it. The ballet itself is well made, both in its parts and in its overall momentum. The designs by Gabor Forrai are of a high standard, and the costumes are of a high quality. The music is of a high standard, and the performance is of a high quality. It is a must for any collection of Elgar's works.

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rent Garden

I Lombardi

by RONALD CRICHTON

di's *I Lombardi alla prima crociata* came in 1843, after co, before Ernani. Until lay it had never been seen rent Garden, though the al Opera gave it in 1956 gain six years later. There a complete recording not ago. This production has borrowed from the State at Budapest—same production, designer, prima donna are added an international cast of some brilliance. Covent Garden orchestra chorus, and Lamberto still as conductor.

production by András is a masterpiece. The designs by Gabor Forrai are of a high standard, and the costumes are of a high quality. The music is of a high standard, and the performance is of a high quality. It is a must for any collection of Elgar's works.

death. The brothers are finally reconciled at the gates of Jerusalem. The designer uses a ramp and a cyclorama with projecting panels on which are thrown projections of various forms of pictorial art. The projections succeed one another a little too rapidly in the early scenes, implying more changes of place than there are, and resembling a

crash course of the best collected books, but when the pace slackens the general effect is pleasing, with warm colours like russets and blues and greys. Nothing very original or specially illuminating to the obscure action, but infinitely preferable to the company's last shot at early Verdi, the *Nabucco* of dismal memory.

real basso cantante. Both Miss Sassi and Miss Ghisleva are handsome and good movers. There are two important tenor roles. Arvino, written for a coming primario, is the longer but less rewarding. Ezio di Cesare, another house debutant, did well by him. Oronzio, Giselda's lover, was sung by José Carreras in admirable form. Michael Langdon, Robert Lloyd and Elizabeth Connell (also first, but I am sure not last, time at Covent Garden) are among those in smaller roles. Much of the success was due to the unobtrusive excellence of Gardelli's conducting: he is adept at keeping the temperature high without wearing the ear or letting the banda music become tiresome. Chorus (some splendid in the last act, and staying power for a long, arduous part. We shall no doubt hear much more of her. Another notable newcomer is the Bulgarian bass Nicola Ghisleva, singing the wicked brother Pagano who the fine-grained, steady tone of a

crash course of the best collected books, but when the pace slackens the general effect is pleasing, with warm colours like russets and blues and greys. Nothing very original or specially illuminating to the obscure action, but infinitely preferable to the company's last shot at early Verdi, the *Nabucco* of dismal memory.

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Nkomo in Moscow for week of talks

Rhodesian nationalist leader Joshua Nkomo has arrived in Moscow for a week's official visit, it was announced in London yesterday. He will be discussing the political situation in Rhodesia and southern Africa, the Prime Minister said.

Mr. Nkomo's talks will concentrate on political aspects, a spokesman for Mr. Nkomo's Rhodesia-based branch of the African National Congress said. He will be discussing the situation in Rhodesia and southern Africa, the Prime Minister said.

ti-strike law

New but tougher anti-strike law just issued in Lagos, Nigeria, has outlawed industrial action capable of disrupting public services, our correspondent writes. The law is aimed at curbing the activities of unions and associations of persons which may be proscribed in certain circumstances and are not to be considered as a threat to others.

in seeks loan

It is seeking a \$300,000 loan from Saudi Arabia to help meet expected \$200,000 budget deficit this year, the newspaper says. In a report from the Reuters reports, it said the request was made in a letter to Saudi Arabia's Planning Minister Hisham al-Nazer, who is accompanying King Khalid on a state visit to Iran.

agapore inflation

Singapore's rate of inflation as measured by the consumer price index continued to show improvement with prices in March this year declining by 1 per cent compared to the same month last year. The March consumer price index of 145.7 was also the lowest in 18 months. Singapore has been enjoying a negative annual rate of inflation over the past five months.

ustralia spending

Capital expenditure by the private sector in Australia increased marginally during the first quarter, according to preliminary figures from the Bureau of Economic and Financial Statistics. The first quarter's capital expenditure totalled \$81,350m, up 1 per cent compared with the same quarter last year.

Nuclear excavation

Progress continues with the German feasibility study of a nuclear excavation project, Egyptian officials are again talking of using controlled nuclear explosions to dig a 50-mile canal from Alexandria to the Desert, our Cairo correspondent writes. The project was revived last year when West Germany agreed to a serious study of the hydroelectric potential of the foot-deep depression in the north-western desert.

Z. shut-down

Thousands of New Zealand homes without electricity yesterday as a result of a power cut. The country's electricity generating works were shut down for a day because of a strike by power workers. The strike was in protest at a proposed increase in wages.

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New tax ruling in Japan would hit overseas banks

BY PETER DUMINY

TOKYO, May 26.

THE 51 foreign banks in Japan face a bill for \$100m. in back taxes—and as much again every year—unless the Finance Ministry modifies a new ruling on the cost of their funds allowable for tax purposes.

Most bankers are reluctant to talk about it for fear of offending the tax authorities. But it is known that the vast majority have already made representations without avail, and other possible avenues, including appeals at inter-Government level, are now being canvassed.

Crucial banks are necessarily affected, though to what extent individually is not known. Barclays, National Westminster, Lloyds and Standard Chartered all have local operations.

The problem arises from the fact that all banks introduce funds into the country from head office and branches overseas. In the case of the largest (Citibank) the amount exceeds \$1bn. This practice is a direct result of the Japanese withholding tax which makes it impossible for banks to seek deposits

of foreign currency from the public (the tax automatically making rates uncompetitive). Until this year the banks were allowed to quote the daily Euro-dollar interbank rate as the cost of all dollars introduced.

Now, however, the Ministry of Finance is demanding proof of actual cost. At the same time, it is refusing to allow banks to fix their own rates for in-group transactions.

This leads the Tax Bureau to demand production of original contract notes in the possession of the overseas branches which took deposits contemporaneously with introduction of dollar funds into Japan. It adds that the most it will allow for tax purposes if contract notes are not produced is the Federal Reserve discount rate.

Some banks may welcome the chance to adduce actual costs, having been heard to complain the Eurodollar rate does not cover the full cost of funds raised offshore.

But most banks have been more than satisfied with the old

tax formula. That is particularly true of banks with access to funds in the U.S. where money is normally cheaper than in the Eurodollar market; these banks were consequently able to claim more than actual cost of funds for tax purposes.

Production of contract notes would be calculated to erode past and present profits overall. But the real problem, bankers say, arises from the fact that head offices overseas may by law or custom be forbidden to reveal the identity of depositors to foreign Government agencies. This may particularly apply to Swiss and British banks.

The Tax Bureau refuses to look at contract notes on which names have been deleted.

At this stage no solution is in sight. There is a possibility that Mr. Joel Barnett, Secretary to the U.K. Treasury, may raise the matter in talks with the Japanese Government next week. There are also reports circulating that the Swiss Government has intervened, but the Swiss Embassy says no decision to do so has been taken yet.

Lebanon tension increases again

BY HANAN HAJAZI

BEIRUT, May 26.

WIDESPREAD fighting and artillery duels continued throughout Lebanon today despite reported progress by President Elias Sarkis in getting the left-wing and right-wing parties to agree to taking part in round-table negotiations to end the crisis.

Shells fell on a number of Moslem districts here while others hit the Christian areas. The number of casualties was not immediately known, but in the past 24 hours, 35 people were killed and 70 wounded, according to Press quarters.

Fighting was also reported east of here especially around the predominantly Christian town of Zahle, while artillery duels continued to rage in the mountains.

Certain Lebanese quarters have attributed the sudden escalation in the clashes to tension arising from the unsuccessful attempt yesterday on the life of Mr. Raymond Edde, a prominent Christian Maronite moderate who lost in the presidential election earlier this month to Mr. Sarkis.

The 63-year-old Mr. Edde was injured in the leg and his bodyguard wounded when their car came under a hail of bullets in a Christian-dominated area north of Beirut. The incident caused a frenzy of emotion with figures of all political colour condemning it strongly.

Mr. Sarkis exerted special efforts to check the new deterioration in the situation.

Heavy fighting delayed a meeting with Mr. Kamal Jumblatt, the leader of the left-wing's alliance. The meeting may still take place to-night.

This would be the second meeting between the two since Mr. Sarkis was elected on May 8. Left-wing sources disclosed that the left alliance has warned up to Mr. Sarkis after the latter was reported to have asked the French Government to freeze its offer of sending troops to Lebanon.

Observers, meanwhile, see a hopeful sign in statements made by Mr. Amin Gemayel, eldest son of Phalangist Party leader Pierre Gemayel, in which he called for "a strategic alliance" between the Lebanese Palestinians and Syria.

UN force discussions

BY LOUIS FARES

DAMASCUS, May 26.

UN SECRETARY-GENERAL Kurt Waldheim expressed today his "hopes" that Syrian President Hafez Assad will agree to renew the mandate of the United Nations Disengagement Observer Force (UNDOF) stationed in the Golan Heights for a new six-month term.

Waldheim arrived here this afternoon in his private UN jet. He, and the accompanying delegation, were met at Damascus International airport by Syria's Deputy Premier and Foreign Minister Abdul-Halim Khaddam, and senior aides.

In an airport statement Waldheim said his talks with President Assad will focus on finding means to keep the peace momentum in the Middle East going. He declined, however, to comment on a statement made on Tuesday by Israeli Prime Minister Isaac Rabin saying that "Israel will reconsider her acceptance of the renewal of UN

is linked to any political condition or concession." Waldheim said he was not yet fully aware of that statement.

Later on today Waldheim is due to meet President Assad. He is scheduled to fly back to New York at midday on Thursday to attend Friday's debate of the Security Council on the issue of the UNDOF mandate.

L. Daniel writes from Jerusalem. Both Premier Rabin and Foreign Minister Allon have warned the UN Secretary-General that he might find himself in difficulties if he acceded to Syrian demands unconnected with the UN forces mandate.

Unofficial reports circulating here claim that Damascus is demanding to link the renewal of the UN mandate to a Security Council pledge to recognise "the national rights of the Palestinians" and the drawing-up of a timetable for a Middle East settlement dictating Israeli withdrawal from territory occupied in 1967.

Labour successes in poll

BY L. DANIEL

TEL AVIV, May 26.

ARAB CANDIDATES linked with the Israeli Labour Party won municipal elections in four out of seven Israeli Arab villages which voted yesterday.

The new Communist Party "Rakach" gained a majority of votes in only two villages. In the remaining Arab villages, the three competing lists failed to gain the necessary number of votes and new elections will have to take place.

The largest Arab village, Sachnin, where three local residents were killed in the March 30 protest against land expropriation orders, came out in favour of Labour-supported candidates. The Communists gained only two out of 11 council seats.

Although Israel's general elections are still 18 months away unless the Knesset is dissolved before then, pre-election line-ups are beginning to emerge already. In a surprise move last night, Professor Yigael Yadin, known to the world in the 1950s as an archaeologist at Masada, said he would consider entering politics if he found enough support for his ideas on how to extricate the nation from its present impasse.

He said he had been approached by various sides and declared his readiness to come to peace terms with the Palestinians, even at the price of extensive territorial compromises. But he objected to the establishment of a third state between Jordan and Israel, that is in the West Bank.

Tel Aviv authorities said the long-haired shabbily dressed man who killed himself and a woman security guard in an explosion at Ben-Gurion Airport yesterday was travelling under a forged Dutch passport. UPI reports. The Popular Front for the Liberation of Palestine has claimed responsibility for the attack.

Cuba removing Angola troops in weekly stages

HAVANA, May 26. CUBAN PRESIDENT Osvaldo Dorticos confirmed here that Cuba would withdraw 200 soldiers a week from Angola with the agreement of Angolan President Agostinho Neto and indicated that Cuba would not send troops to Namibia (South-West Africa) or Rhodesia.

However, he said the U.S. would make a mistake by demanding evidence of the withdrawal. "We have never used lies as a system of government, and nobody could ever say that our declarations were untrue," he said.

Namibia and Rhodesia are problems that must be solved by the revolutionary movements themselves. There is no doubt that we shall continue to aid and support all liberation movements and that we shall never repeat or change our attitude. But to attribute to us other types of intervention is very far from what we mean," he said.

Reuters

With Chairman Mao ailing, Colina MacDougall studies his actress wife

Chiang Ching's power play



Chiang Ching, one of the more obviously human figures on the inscrutable Chinese stage.

WHEN MAO TSE-TUNG finally departs this life he will leave behind him the makings of a dynasty. His nephew, Mao Yuan-hsin, is on the Liaoning provincial party committee. His niece, Wang Hai-jung, is a deputy Foreign Minister. He has two daughters, variously (but probably incorrectly) reported to be married to two radical leaders, Wang Hsiung-wen and Yao Wen-yuan. But the prima donna of them all is his wife of 36 years' standing, Chiang Ching, who has carved out for herself a unique place in Chinese politics.

Chiang Ching has had a mixed Press in the West. As one of the more obviously human figures on the inscrutable Chinese stage, she is always good for a story. The reverential attitude of the Chinese media to the Chairman may be the recollection of his weakness for this tall attractive ex-film star in the caves of Yenan slightly comic. The solemn revolutionary operas she nowadays directs are native in the extreme, either as politics or as art. Unfairly, perhaps, the dotter aspects of radical campaigns, like the 1974 onslaught on the music of Beethoven, seem attributable to her.

Yet western analysts may have underestimated her. At the top of the hierarchy, where the atmosphere still seems reminiscent of the old imperial court, these oddities may not be important. She undoubtedly has guts, staying power, shrewdness, and some diplomatic skill. With the right friends—and she has much to offer a potential ally in the way of position—she might well survive as a political force after the Chairman's death.

Chiang Ching has always been a woman of immense determination. An admirer of Ibsen's heroine, she took up acting and an emancipated life-style in the 1930s when traditional conventions among the middle classes were still strong. She worked for a Communist front organisation and went briefly to prison. In the course of the war against Japan, the film studio she worked for moved to Chungking. She followed it, but in 1939 made the fateful decision to join the Communists at Yenan. There she snatched a willing Mao away from an existing wife and five children, in the

teeth of opposition from the party's central committee. Since then she has had to contend with prejudice both in the party and outside it because of her past.

Chiang Ching showed herself an unscrupulous and bitter enemy in the Cultural Revolution, and was remarkably successful at settling old scores. Not only did she then head of state, Liu Shao-chi, who is said to have opposed her marriage, simply decided that Chiang has gone too far towards capitalism. Perhaps the beneficiaries of the Cultural Revolution saw themselves losing their jobs if the process went on. At any rate, along with the other radicals, Chiang Ching has moved back into the limelight.

The key question is where her support comes from. She has hardly ever been seen with the Chairman, though this could be for political not personal reasons. Until very recently, when Mao met foreign visitors, he was accompanied instead by his new wife, Wang Hai-jung, and his interpreter, the American-Chinese girl Tang Wen-sheng.

In 1966 Mao wrote Chiang Ching a letter (later published) which contained some criticism of her. "You should not become dizzy with success," but its general tone was friendly. Though one cannot know what their relationship is like, her marital status must give her some authority in Chinese eyes. Yet even if that continues

does not interest her. In any case, in the aftermath of the Cultural Revolution, Premier Chou's team were probably determined to keep her out. Until 1973 she seemed again to be only concerned with culture. Since then the pendulum has swung steadily back to radicalism. What behind-the-scenes activity has caused this is far from clear. Perhaps Mao simply decided that Chiang has gone too far towards capitalism. Perhaps the beneficiaries of the Cultural Revolution saw themselves losing their jobs if the process went on. At any rate, along with the other radicals, Chiang Ching has moved back into the limelight.

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beyond the grave, it is not likely to keep her at the top on its own. She will need tangible aid.

During the Cultural Revolution she had a close working relationship with Chang Chun-chiao and Yao Wen-yuan, both from Shanghai and now among the most senior leaders. That is true in particular of Chang, who is a politburo standing committee member, and a vice premier. What links exist between them now nobody knows, but if Chiang Ching has Mao on her side they would be a powerful team. He even has a finger in military affairs through his post as chief of the army's political department.

Chiang Ching may well also have an important friend in the new premier, Hua Guofeng, who evidently is not averse to having his photograph taken with her and other prominent figures. Of course the question of who is using whom in these relationships is far from clear, but she seems unlikely to be only a reserve in someone else's team.

Her role in the current campaign against the "Four Olds" is less obvious than that of some others. It is she who inspired the Yenan-style dismissed vice-premier, Hu Shao-ping, for sending in his brain-children, the "Three Olds" operas. How much of the drive behind the campaign she inspired nobody knows, but it is more than a fringe matter. In that case, she does not mark for winning the next round, against an extremely tough adversary.

It is possible that the actress's political position in the Chinese hierarchy is more subtle than it appears. She must be fairly well acquainted with Mao, who has often been able to exploit her advantage. Although in the West her activities seem unimpressive, she appears to know very well how to protect her interests and her own security. She already has some remarkable success in her credit; no one should assume that after Mao's death she will automatically become a political figure.

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WORLD TRADE NEWS

Chinese step up plant buying

By Colina McDougall

CHINA has stepped up its programme for buying complete plant abroad since autumn last year. Between November 1975 and last month China bought plants from West Germany and Japan totalling about \$250m. in value. These include two petrochemical plants and one polyester plant from Japan, and five chemical plants from West Germany. In the technology field there was the \$30m. Rolls-Royce 1975 engine deal in December. Other sales are expected to be completed soon.

For the first 11 months of last year the U.S.-China Business Review reported that expenditure on foreign plant was probably only about \$75m, and included five plants, four from Japan and one from West Germany.

The Chinese resumed expenditure on foreign plants at a point when it was coming increasingly under attack in the Chinese Press in the campaign against former Vice-Premier Teng Hsiao-ping. The purchases are presumably connected with the development scheduled to take place under the new five-year plan which began this year.

Imported plant was expected to speed up growth by raising the technological level. However, many observers have suggested that China may be undergoing alteration. In this context it may be significant that the Minister in Charge of the State Planning Commission has only been reported once since the late Premier Chou En-lai's funeral in January, and that was in an official capacity.

However, it may be that the argument over the plan has been genuinely economic rather than political. Planned exports of oil are expected to be one of the sources of foreign exchange with which China expects to pay for technology imports. However, the oil industry had technical troubles in February at the important oil field of Tachang, and as a result shipments of oil to Japan in February, March and April have been well below last year's as a result. In addition, there have been growing problems in marketing Chinese crude, which is hard to handle and expensive to process.

Sharp fall in Bonn surplus

By Our Own Correspondent

BONN, May 26. The West German foreign trade surplus declined sharply during April, falling to DM2.2bn from DM3.8bn in March. The April surplus was also well below the DM2.5bn registered in April 1975.

According to the official figures published today, there was a relatively slight slowdown in imports from DM18.9bn in March to DM18.5bn in April. By far the more important factor, however, was a drop in exports from DM22.8bn to DM20.8bn. The April figures leave exports up 6 per cent over their levels a year before.

During the first four months as a whole, exports were 12 per cent higher than in the corresponding period of 1975, while imports rose 19 per cent. This left West Germany with a DM10.8bn surplus during the four-month period compared to DM13.4bn a year before.

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IN DEED IT IS

U.K. car exports nearly match imports

By LORNE BARLING

THE value of U.K. car exports reached a record \$282.3m. nearly double the figure for April last year, but imports continued to increase and reached \$255.4m. The total motor industry's favourable trade balance amounted to \$126.9m. during the month.

Figures released yesterday by the Society of Motor Manufacturers and Traders showed that car imports during the first quarter of this year amounted to \$240.3m, while exports totalled \$209.6m.

With car production down by 18 per cent in the first quarter compared with 1975, and U.K. manufacturers attacking export markets with determination it was felt that an increase in imports was inevitable.

Total U.K. sales during April were 15 per cent higher than in the same month last year and were about 6 per cent up during the first quarter.

Although exporters have been enjoying favourable conditions due to the decline in the value of sterling, the price of imports has also been increased substantially. Inflation also continues to be a problem.

Exports of all goods vehicles, at \$49m., were nearly half as high again as in the same month last year and exports of components, parts and accessories of \$125m. were nearly 40 per cent above those of April 1975.

Total exports of all motor products amounted to \$281m., giving a favourable balance of payments of \$153m. for the month, a 62 per cent improvement on April last year.

Total motor products exports for the first quarter at \$1.1bn. gave a favourable balance of \$616m., 45 per cent better than of the same period in 1975.

● PARIS — French exports of private cars and light vehicles rose to record levels in April, but those of industrial vehicles slumped, according to latest figures released by the French car makers association.

Sales of private cars abroad rose by 27.9 per cent to 146,581 units during the month—the largest number ever recorded for the month of April. The industry body said. Over the first four months, however, the increase was only 6.8 per cent to 524,094 units.

Foreign sales of light industrial vehicles (up to 6 tons) dropped by 7.4 per cent in April to 10,907 units, and over the first four months were down by 10.7 per cent to 44,404 units.

The largest decline was seen in the heavy industrial vehicle sector, where deliveries abroad slumped by 40.5 per cent to 1,789 units in April, down from 2,751 in the 4 months. The association remarked that although the April figure was more than double that of the same month of 1975, the situation is becoming more and more worrying.

Production of private cars and light vans rose by 27 per cent in April to 266,126 units, and by 21.7 per cent over the first four months to 1,037,582. New registrations provisionally increased by 29.9 per cent to 279,000 units, on par with the four-month rise of 30.3 per cent to 289,170 units.

● Detroit — U.S. new-car sales continued at the pace of recent months in mid-May, rising 53 per cent above the depressed year-earlier rate. Dealer deliveries of 310,869 cars during the period up from 180,423 a year before when the industry was still recovering from the recession.

There were nine selling days in the period this year and eight last year, so the sales comparison is made on the basis of the daily selling rate.

The daily selling rate for the period, trailing from May 1975, kept pace with the recent pattern, large and intermediate-size car sales were exceptionally strong, while subcompact models took less than their expected share of the market.

● Frankfurt — West German new vehicle registrations in April were a record 236,444 units—7.9 per cent above the previous April high in 1970 and nine per cent higher than in April 1975.

Federal Motor Vehicle Office figures showed that the April figure was 5.5 per cent above the monthly record 303,150 units in March.

New registrations in the first four months of 1976 totalled 978,316 units, including 581,991 cars, 2.3 per cent higher than the same period a year ago.

● Ankara, May 26. The bank will be based in Istanbul and have an initial capital of \$15m. The Central Bank sources said. However, they added, Kuwaiti participation may change this picture.

Talks between the parties are to take place in Ankara in June to determine the basic data of the project.

Although the Turkish Central Bank is conducting the negotiations the Turkish partners will be domestic public and private banks.

Earlier this month the Arab financial consultants company of Ankara placed bonds totalling about \$25m. on the market in the Middle East on behalf of BOTAS, the state-owned Turkish company controlling the construction of the Turco-Iraqi crude oil pipeline.

The Central Bank is hoping that the projected bank will channel Gulf-petrodollars into Turkish investments and look upon it as a hopeful beginning for improved financial relations with the Gulf states.

● The ECGD has guaranteed a £5m. loan which Lazard Brothers is acting on behalf of Barclays Bank and Lloyds Bank, has made available to Pohang Iron and Steel Company Limited, South Korea.

The loan will help finance a contract won by Air Products, of New Malden, Surrey, to supply and commission two oxygen plants with storage and argon purification units.

● The ECGD has guaranteed a £5m. loan which Lazard Brothers is acting on behalf of Barclays Bank and Lloyds Bank, has made available to Pohang Iron and Steel Company Limited, South Korea.

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Criticism of French defence strategy

By Robert Mauchner

PARIS, May 26. THE FRENCH National Assembly today adopted the Government's six-year military spending programme, which provides for an annual rise in expenditure of 15 per cent from 1978 onwards.

The programme, under which military expenditure will amount to Frs.58bn. (nearly £7bn.) next year, rising progressively to Frs.115bn. by 1983, about 20 per cent of the national budget, was approved by a comfortable majority of 303 votes against 181.

During the debate which preceded the vote, however, the Government came under fire not only from the Socialist-Communist Opposition, but from some orthodox Gaullists.

In both cases the criticism centred on the Government's policy of flexible response, with its greater emphasis of the strengthening of conventional forces, which drew most of the criticisms.

For the Communists, and not a few Socialists, the adoption of this strategy implied acceptance of the possibility that France might become involved in "marginal" conflicts in Europe and would inevitably lead to closer links with NATO.

The unequipped Socialist Prime Minister, Jacques Chirac, who said that France would continue to be a member of the Atlantic Alliance, while remaining outside NATO's integrated military command, because this was the only way in which a balance could be achieved with the Warsaw Pact merely heightened the Opposition's suspicions of the Government's motives.

Some Gaullists, on the other hand, were worried that the new emphasis on conventional forces could not fail to result in a weakening of France's nuclear arsenal, in spite of the assurances to the contrary given by Mr. Chirac and the Defence Minister, M. Yves Bourges.

Fears were also expressed on the Gaullist side that the Government was moving, however slowly, towards a common European defence policy which would undermine France's independence in the field of defence.

● DIBOUTI talks open in Paris. REPRESENTATIVES of the various Djibouti political parties have started detailed talks here with the Paris authorities on the accession of the French colony and military base at the mouth of the Red Sea to full independence by the end of this year.

The discussions have so far not gone beyond separate meetings of each of the groups involved with the responsible minister, M. Olivier Stirn. Given the complexity and delicacy of the Djibouti situation, officials expect the talks to continue into next week. It has already become clear, however, that the position of Mr. Ali Arif, Chief Minister of the enclave and long-standing supporter of continued French involvement, is becoming steadily weaker.

● The Dutch Cabinet, still seriously split on a number of issues, has again postponed a decision on one of the most controversial apparently for some time. In doing so, the five-party Social-Christians Democratic coalition has narrowly averted the biggest immediate threat to its survival since it came to power in mid-1973.

The difficulties that have suddenly flared up over possible Dutch participation in South Africa's first nuclear plant are the latest cause of tension. But they come at a time when tension among the partners is already growing over a number of important issues, including abortion, wages and prices policy as part of anti-inflation policy, proposals to cut back the growth of Government and social expenditure, future reform of domestic industry and industrial democracy.

After emergency Cabinet meetings last week, the Government said in a letter today to Parliament here to-day that no magistrate, the Amsterdam public prosecutor and Justice Minister, Andries van Agt, the latter, a member of the Roman Catholic party, wants to close down the following complaint of a good friend by two U.S. Senators, a Dutch Secretary of State to sound out the official U.S. view.

But Mr. Van Agt, who is also RSV and Bredero, the Dutch vice-president of the Cabinet, is known to be very eager to close down the official U.S. view.

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But later during the proceedings the Yugoslavs were invited to the Bolshoi Theatre where Mr. Leonid Brezhnev called on Yugoslavs with a big foreign chief delegate, Mr. Stane Delanc, for a chat in the interval. This was subsequently reported with Comcon.

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Commission seeks pledges on inflation, jobs, growth

By DAVID CURRY

BRUSSELS, May 26.

THE NINE EEC countries are setting out ways of achieving the necessary objectives. The Commission is asking Governments to eliminate "the cyclical component" of unemployment by mid-1978 (it does not seek to define structural or cyclical unemployment). It also calls for reductions in budget deficits in the medium term while the document also refers to the need to limit the growth of money supply to what is justified by "potential growth in GNP."

The Commission regards incomes and price controls as essential to the strategy and couples this with a general reference to the need to promote industrial democracy and profit-sharing schemes for employees.

Clearly underlying the Commission's thinking is the fear that investment will be too slow to absorb unemployment; that inflation could easily move up wards again; and that individual policies of deflation would soon

run into balances of payments problems. The Commission also repeats the by-now familiar incantation about the problems inherent in the divergent economic performances of member states.

Specific employment subsidies figure less prominently in this document than in its forerunners. However, the Commission suggests that useful supporting measures to the overall strategy could include replacing overtime work by new recruitment; the payment of employment premiums; expanding training; and limiting the access to migrant workers.

The document contains no proposals for new Community institutions although it looks as if the tripartite conference machinery is well on its way to becoming a permanent feature of Community life. Ministers have made it clear that while they find it useful to know each other's minds, economic policy-making remains very much a national occupation.

Most of the other unions asked their members to return to work, including banks, department stores and foreign airlines whose flights in and out of the country were operating normally.

The controversial Bill, the root of the present labour troubles, is now being debated in Parliament in detail.

● UPI writes: During the strike the Government kept trains running by mobilising 800 railroad engineers. Telecommunications were also kept going and mobilised workers of Greek Olympic Airways helped some foreign airlines make their flights. But other groups such as teachers, shipyard longshoremen, hotel and restaurant employees, among the leaders of the action, were drifting back to work.

Meanwhile on the Island of Rhodes, authorities reported 20 persons injured, including some policemen, when police fought with tear gas grenades against demonstrators protesting against the weekend curfew. The two vessels remained anchored offshore.

A few trade unions to-day continued their strike in protest against a Government Bill which considers restricting workers' professional rights, including the right to strike for political reasons. Sectors still affected include urban transport and telecommunications.

Pro-Government newspapers on their side said to-day that the highest cause of tension. But they come at a time when tension among the partners is already growing over a number of important issues, including abortion, wages and prices policy as part of anti-inflation policy, proposals to cut back the growth of Government and social expenditure, future reform of domestic industry and industrial democracy.

After emergency Cabinet meetings last week, the Government said in a letter today to Parliament here to-day that no magistrate, the Amsterdam public prosecutor and Justice Minister, Andries van Agt, the latter, a member of the Roman Catholic party, wants to close down the following complaint of a good friend by two U.S. Senators, a Dutch Secretary of State to sound out the official U.S. view.

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Restrained view of vote by Cortes

By Roger Matthews

MADRID, May 26.

THE SWIFT and virtually unopposed passage of the first piece of the Spanish Government's political reform package through the Cortes (Parliament) yesterday is being treated as a notable success in official circles. Only four deputies out of 686 actually voted against the legislation which eventually should provide Spaniards with greater freedom to hold meetings and demonstrations.

But as political parties and non-regime labour organisations remain illegal the reform is not expected to have much initial effect. Only the right-wing political associations, formed during the lifetime of Gen. Franco, can be expected to benefit in the short term.

To this extent those heavily conservative members of the Cortes who are opposed to democracy did not feel too distressed

HOME NEWS

Construction orders rise sharply again in March

BY QUENTIN GURDHAM, PROPERTY CORRESPONDENT

CONSTRUCTION orders rose sharply in March, the fourth month running in which they have risen. On a constant price basis, new orders were at their highest level since December 1974.

Current prices March's new orders were worth £726m., a rise of 10.1 per cent. on February's £659m., in February, the rise came in the non-housing sector, with a 10.1 per cent. rise in work on roads and in the mining industry and a 9.1 per cent. rise in the private industrial sector and a further steady rise, with a 10.1 per cent. rise in public housing orders, totalling £177m. Private housing £109m.

The March figures may prove to be a peak, coming as they do at the end of the local authorities' financial year and at a time when projects may have been brought forward to avoid cuts in public-sector spending.

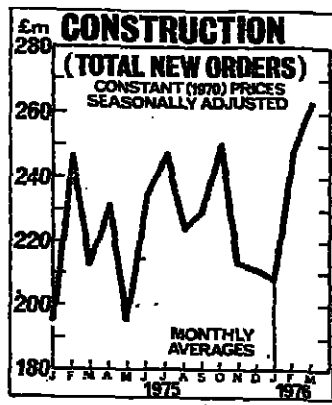
But taking the figures for the first three months of 1976 as a whole, at constant prices and with seasonal adjustment, total new orders were 7 per cent. up on October-December, 1975, and 10 per cent. up on the first quarter of last year.

On the same basis new orders in the public housing sector were 4 per cent. up on the fourth quarter of 1975 and 19 per cent. up on last year. Private housing orders were up 9 per cent. and 24 per cent. respectively.

Public works new orders in the first quarter registered an increase of 3 per cent. over the fourth quarter of 1975 and 21 per cent. over 1975's first quarter. Orders for private industrial building were up by 42 per cent. on the previous quarter but 30 per cent. down on a year ago. Private commercial orders for offices and shops were down 3 per cent. and 4 per cent. respectively.

Despite the difficulties of month-by-month analysis—there was a jump from £14m. to £53m. in current prices in roads expenditure in February to March, and of £18m. to £41m. in State schools orders—the overall trend appears to confirm a revival for the construction industry.

At constant prices the first quarter figures are higher than for any quarter last year, and while a fall of about 2 per cent. this year was widely expected, this may now prove pessimistic. Last year saw a 6 per cent. fall from 1974.



Maxwell deal likely with print unions

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ROBERT MAXWELL, the publisher of the *Evening News*, is believed to have reached a tentative agreement yesterday with the print unions.

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AA has £1½m. deficit despite rise in income

BY KEVIN DONE, INDUSTRIAL STAFF

THE Automobile Association (AA) has announced a deficit of £1½m. for 1975, despite a 20 per cent. increase in income. The AA budgeted for a break-even position in 1975, but it was defeated by two major factors, a 40,000 staff pay award and increased costs of £480,000 arising from unexpected high demands from members on its ad services.

The AA yesterday strongly defended its diversification into various commercial activities, such as travel, insurance and publishing, which have come under increasing attack from members.

Commercial services generated net profit last year of £1.5m. from this business being at expense of the general membership it was the profits it produced that made it possible to hold down last month's rise in membership subscriptions to 20p, said Professor Esmond Knight, the AA treasurer.

He said the contribution deducted this year from commercial services would be nearer 10p. Of last year's turnover of £1m. revenue from membership subscriptions increased by 20p, about 20 per cent., and by £1m. nearly 50 per cent.

The AA now has a membership of more than 5m., which shows an increase of 1m. since 1969. More than 400,000 new members were enrolled last year.

Lord Errol of Hale, the AA chairman, told the Association's annual meeting yesterday that the AA was "strong and in good shape."

He said that the £9 subscription could be considered as a form of insurance. The costs of obtaining a tow for non-members on major routes in outlying areas was now £36 and more at night and week-ends.

A simple motorway emergency could now cost up to £25 and the cost of night breakdown assistance in towns and cities could be as much as £10.

He said that the range of specialised services could not be financed solely from the revenue of fixed subscriptions. "Our income must be tailored to more flexible methods of generating revenue."

Last year, revenue from insurance broking was more than £2m. and income from travel services and the sales of books and merchandise was more than £2m. Total income increased by some 20 per cent.

Lord Errol said: "The AA is not an organisation which squanders its income heedlessly or recklessly or indulges in ill-conceived diversions which might be held to erode its traditional role as a member service organisation."

Magna Carta replica given to U.S. delegation

GOLDEN replica of Magna Carta was handed over in Westminster Hall today to a delegation of 25 U.S. senators and congressmen as a gift to mark the bicentenary of the U.S. Declaration of Independence.

The presentation was made by George Thomas, Speaker of the House of Commons, to his guest in the U.S., Mr. Carl Albert, Speaker of the House of Representatives.

Mr. Albert poured scorn on the gift, saying it was "a symbol of the friendship of the British and American people, and the heritage of freedom which the two peoples have as no other people in the world, in terms of dollars and cents."

Mr. Albert said the ceremony had been "probably as beautiful as any I have ever seen in my lifetime."

He said the Magna Carta was considered in America in as much a part of U.S. constitutional history as the Declaration of Independence and the Constitution.

"After all, the Magna Carta is hundreds of years older. And when we get it over there it will occupy the most important position in the City of Washington."

Next week, a British Parliamentary delegation led by the Lord Chancellor, Lord Elwyn Jones, will travel to America to hand over to Congress one of the original copies of Magna Carta which will be on loan for one year.

At today's ceremony, the Prime Minister, Mr. James Callaghan, told the U.S. delegation: "Parliament cannot offer you anything more precious to mark your bicentenary than this great charter." It was a symbol of the two nations' common heritage, of involvement of the rule of law and democracy.

Mr. Albert said nothing could be more symbolic to the people of the United States who loved liberty as their most cherished possession and their greatest heritage from the mother country.

The replica was carried into Westminster Hall by officers of the Coldstream Guards and heralded by a fanfare of trumpets.

Later the delegation attended a reception given by Queen Elizabeth, the Queen Mother, at St. James's Palace. Members of the Government and Opposition were there and the American Ambassador, Mrs. Anne Armstrong, was also present.

Max and Matters, Page 18

Minister to discuss price code changes

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MRS. SHIRLEY WILLIAMS, the Prices Secretary, is to see the Confederation of British Industry and the Retail Consortium separate to-morrow to discuss the Government's proposed modifications to the Price Code.

The meetings will be the first since the Prime Minister outlined last week the areas in which the Government was prepared to make changes in the code. Thus, they will enable industry to test the Government's willingness to make generous changes in these areas in the light of the hostile reactions of some major unions to any substantially easing the code other than over investment relief.

The key issue is likely to be the question of input costing. The CBI wants companies to be given the option of basing their applications for price rises on the increase in input costs, thus enabling the companies to benefit from improved efficiency.

The unions are generally opposed to such a change and the Government appears unwilling to make such radical revision to the code at this stage.

Mr. Callaghan said last week, however, that some modifications would be made so as to change the code penalises companies which either cut their costs or increase their sales. The Department of Prices is now believed to be considering a number of compromise proposals which would allow companies to benefit from cost savings in at least some areas while maintaining the basic system of justifying prices on output costs.

One idea is that increases in export volume could be excluded for the purpose of calculating the level of volume on which costs were based.

The CBI is also likely to encounter tough opposition on its demand to abolish the present clause in the price code which prevents companies from passing on more than 80 per cent. of their increased wage costs in higher prices.

While the Government may be prepared to consider increasing the proportion of investment expenditure which can be passed on in higher prices, it is not expected to accept industry's demand to increase the present investment allowance from 20 per cent. to 100 per cent.

The TUC has not yet formally seen Mrs. Williams to give her detailed opinions on the change to the code outlined by the Prime Minister last week. But it has indicated that it would oppose any move to allow companies to pass on the full cost of an investment project in higher prices.

The most that should be done, in the opinion of some union leaders, is to double the present 20 per cent. figure.

Electricity likely to go up 3%

By Our Industrial Staff

THE ELECTRICITY industry is now planning to raise its prices to customers by an average 3 per cent. from July, instead of the 4.5 per cent. originally expected as a result of the recent 15 per cent. rise in coal costs.

The Electricity Council is to notify the Price Commission and the Department of Energy of its intentions later this week and if no objections are raised, to implement the increases after the first readings from July 1.

For the average domestic consumer, the increase will mean less than 0.1p per unit, or around £4-25 a year.

The rises are being prepared as part of the semi-automatic fuel cost adjustment mechanism which allows the industry to pass through any major rise in its basic fuel costs. In this case, the higher prices result from the March rise in coal prices to power stations.

While the Government is unlikely to refuse the industry the right to pass on the increases on this occasion, it could still intervene to influence the way in which the rises are imposed.

The impact of energy price rises on poorer customers and the elderly has become a sensitive political issue and earlier in this year Mr. Wedgwood Benn, Energy Secretary, referred the issue to an internal departmental inquiry.

Machine tool groups seek action to curb demand-cycle effect

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE MACHINE TOOL industry, today that there would be discussions with the CBI soon, "aimed at ensuring that the wider view which it necessarily presents does not confuse outside bodies into believing that what represents a vital need to the capital goods industry should be submerged by the interests of other industrial or commercial sectors whose experience of this economic problem may not have been so devastating."

He added: "I confidently believe that useful progress has been achieved towards the goal of an investment plan for industry which could do so much to even out the changing demands for capital goods."

Mr. Trowbridge pointed out that the past year has been one in which "our industry has once again been challenged to meet a severe decline in order input."

The industry could be given a major boost by the Leyland investment programme, but this had been considerably delayed.

"We have been active in pressing for the earliest possible release of British Leyland orders both for our manufacturer and importer members. We have had some success in the Bus and Truck division but little in respect of the Car division for reasons that we have all heard or read about," Mr. Trowbridge revealed yesterday.

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Join the Second Industrial Revolution

More and more companies are finding that the way to convert revolutionary design concepts into economic reality is by using plastics.

Ford fit lightweight, corrosion-free polyethylene mudguards on their new 'Transcontinental' trucks.

Vauxhall fit an easier-to-manufacture plastic moulded 'cab-width' fascia in their new Bedford.

Pylonstone (Construction) Ltd. manufacture a rigid PVC plank as an economic alternative to wood and wood-effect wallcoverings.

M&B Reinforced Plastics Ltd. have developed a high strength moulding for use with sewerage treatment plant.

Birmingham Plastics Ltd. are using a highly heat resistant specially formulated plastic for the cover of their new sun-ray lamp.

Aquafan Cooling Towers Ltd. are using heat-diffusing Filon GRP sheeting as the standard cladding for their modular cooling towers.

Plastics are no longer cheap substitutes for traditional materials. They can improve product performance, reduce assembly and finishing operations and provide a unique combination of physical properties.

Join the second Industrial Revolution

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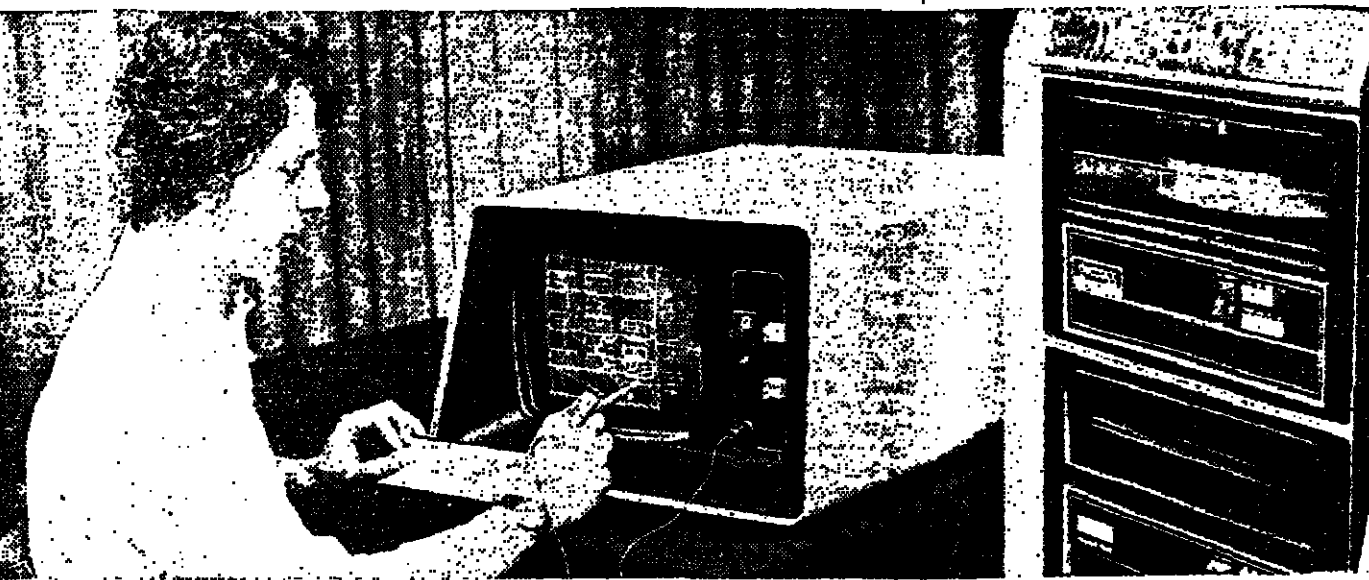


The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONICS

Short path to circuit boards



BRITISH designers/engineers are frequently blamed for striving after perfection while the overseas opposition does a quick development job and gets on to the market first with a "cheap and cheerful" product—that nevertheless meets a need with many users.

There are some instances in industry, however, where striving after perfection is the only way to carry out a particularly demanding task. One of these is the choice of equipment and the design of the intricate instruction sets to allow a designer to lay out large printed circuit boards and their arrays of components without gross interconnection errors or pattern overlaps that would make a finished board useless.

Manual design, particularly when it comes to the eight-layer platter, is not only extremely time-consuming, it is always open to serious error. Computer-assisted design using digitisers and plotters goes one better in that opportunities for checking are improved—but it is still a long procedure as the initial approach to the pattern is a manual one.

Several years ago, Redac (Racal) decided to go to the

expensive refresh display tube which provides a new picture every 60 seconds with immediate reaction to light pen instructions as being the ideal method of obtaining complete interaction between the designer and the machine, with its massive fact-storing capacity. Most of its U.S. competitors went the cheaper storage-tube way.

Now, after a series of severe setbacks—unfortunately at the hands of three U.K. computer makers—Redac has a series of automated design packages including one called Redac System which has been accepted by the largest maker of minicomputers in the world as a product to back and has been sold to Philips, Plessey, Ericsson, Boeing and many other industrial names. A competitor has also paid the company the doubtful honour of offering a "Redac System" to a prospect.

But the Redac System is for the larger computer producing around 200 new large pcb designs a year.

Now Redac is starting to market the Redac Mini, intended to suit the smaller user and more than competitive with the digitiser, alternative which it equals in price and out-performs

after the 35 boards a year level, depending on complexity. The outcome of a two year 50/50 project with the MoD, it has a PDP 11/34 as its driver instead of the PDP 15 of the larger unit.

Capable of producing a finished layout of a large board in five days or less, together with drilling tape and artwork, it will prove formidably competitive with the less sophisticated equipment that has sold to smaller companies in the past. This latter digitiser/plotter approach cannot do much better than 16 days for the same job, while the fully manual method requires 30 days.

Total reduction in costs of 37 per cent, over manual are reported for 100 boards a year and this is a conservative figure which does not take into account faster throughput and higher accuracy.

The equipment would normally cope with boards up to 25 square inches but larger ones can be tackled if required and the methods used in layout are extendable up to eight layers.

One of the most important points in the system is the amount of effort which has gone into the software. This is now at a point of development where

A designer using a light pen and fast response graphics terminal to layout a printed circuit board on the Redac Mini pcb designer.

it permits designers to seek what can only be described as guidance and to leave to the machine time-consuming jobs—such as checking that paths for interconnections have been kept as short as possible. There is also an autoroute facility which can be overridden when it is clear to the operator what the best paths will be.

At all times, apart from the listing of the components to be carried on the board, the equipment operates with the designer as a man-machine team and all that is needed for microanalysis. The electron gun for general work or a lanthanum hexaboride one for pictures that keep their high brightness. The vacuum system may be a diffusion pump system, automatically controlled and designed to "fail safe". Or it may be a "super-clean" research system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Redac - Racal, Newtown, Tewkesbury, Gloucs. GL20 5HE. 0684 294151.

CIVIL ENGINEERING

Test of how a big rig moves

FERRANTI Offshore Systems

has applied military technology to the solution of a complex civil engineering problem for British Petroleum. A Ferranti inertial navigation system has measured the movement of an oil production platform in the Firth of Clyde in various wind and sea states.

When the platform was being designed, theoretical predictions of platform movement under a variety of weather conditions were made by a simulation tech-

nique in a laboratory, but until this test project no work had been undertaken on site to verify the assumption and calculations. The results have demonstrated that Forties Charlie is behaving within its specification limits and that it is inherently safe in the worst conditions, which will come as a relief to many North Sea operators.

Ferranti's test team installed an aircraft-type inertial navigation unit modified to measure small movements by the addition of a General Electronic Navigation Interface Equipment (GENIE). The normal displayed measurements of an aircraft inertial platform are in units of 600 feet, but, by the addition of sophisticated circuitry in GENIE,

the increments of measurement were reduced to 0.0001 in. and were recorded on high-speed punched paper tape.

For BP's purposes velocity measurements were required in X, Y and Z axes at half-second intervals, but had it been required, the system would have provided velocity, acceleration and displacement data simultaneously.

Over a period of a week readings were taken of a number of conditions from flat calm to gale force winds and heavy seas.

Data accumulated for analysis was stored on 18 tapes, each one running over half an hour with 24 digits printed every half second. The results showed that in a flat calm the movement caused by vibration was 0.1 inch

rising to 2.0 inches in stormy conditions.

A somewhat less complex technique was applied for Shell to determine the relative motion between a semi-submersible rig and supply boats and barges. Hoisting heavy loads aboard a rig is a tricky and dangerous business and a relative motion indicator was shown to be of great assistance to the lifting supervisor.

The techniques used on the rig and platform projects for Shell and BP have obvious applications for other work, such as in the towing of rigs and platforms, placement of modules on jackets, and also on land in the checking of the movement of tall buildings.

Ferranti Offshore, Ferry Road, Edinburgh, Scotland EH5 2XS.

METALWORKING

Monitors induction welding

TUBE MAKING by induction welding of steel strip can be monitored by the Cybercan, introduced by Inductron, Wade Road, Kingsland, Basingstoke, Hants. (0256 24151).

The unit can scan up to 100 points 200,000 times a second, with the results appearing on a digital display. A malfunction may be identified by two consecutive sweeps before a "fault" display appears. Reference to a list of numbers identifies the location of the fault. When all is well the indicator shows the power output of the welding equipment in kilowatts—stated to be a novelty for RF welding machines.

Some 20 numbers are left free to check the operation of other functions, such as strip feed equipment, forming rolls, cut-offs and tube run-out. Indication of a fault can be pre-set to halt operations or merely to show the component's number.

There is a choice whether the indication switches off or remains on if the failure is transitory, allowing start-up to proceed without having to re-set the indicator at each stage. This facility also allows the run-up sequence to be checked as it shows the switching in of each stage.

COMPONENTS

High speed welding of plastics

A SERIES of thermoplastic welding nozzles has been introduced by Goodburn Plastics, Arundel Road Trading Estate, Uxbridge, Middlesex, UB8 2SE (Uxbridge 32286).

It is claimed that welding speeds of more than 100 cm/min can be achieved with good root welds. The nozzles are for use with the company's high-speed hot air plastics welding torch. The maker says a satisfactory weld can easily be obtained by

an unskilled operator with a little practice, as the torch is simple to use.

Among the range of nozzles is one incorporating a swing-back tacking shoe for tacking polythene and pvc parts prior to welding. The nozzle produces a continuous fine tacking beam which it is unnecessary to remove when making the final weld. The nozzles are of stainless steel to prevent chloride corrosion.

MATERIALS

Chipboard made more decorative

LICENCES are being sought for a process for producing chipboard with decorative surfaces. Decoration is achieved by incorporating coloured chips or particles in the surface layers prior to pressing.

The board can either be used as is, to give a distinctive interesting appearance or sanded to produce a marbled effect.

The almost infinite variety of shades and patterns obtainable make the board suitable for wall paneling and furniture applications. It is claimed.

Details are available from Mr. K. F. Crowe, Canadian Patents Development, 375 Slater Street, Ottawa, Canada K1A 0R3.

TRANSPORT

Checking suspension faults

CHECKING WEAR or faults in the suspension, steering assembly or brakes of cars and commercial vehicles has traditionally been a job involving two men, a crowbar and muscle power.

Now, a Bedford-based company, Kismet-Dynaflex, has introduced a device—using Schrader Pneumatics—which enables one man to carry out the job in half the time.

Used in conjunction with inspection pits, the device consists of two flush steel plates mounted

either side of the pit, which are "rocked" by pneumatic cylinders, and operated from a combined hand-held inspection lamp and control switch.

The lorry is driven over the pit so that the wheels are centred on the plates, and the axle is jacked up to take the load. As the operator uses the lamp to inspect the suspension and other components, he can move the plates backwards, forwards or sideways to check for excessive play, wear or other defects by moving the switch in the appropriate direction. The switch operates solenoid valves which activate the pneumatic cylinders.

Details from Schrader Pneumatics, Walkmill Lane, Bridgton, Cancoff, Staffs, WS11 3LR (04535 4011).

SECURITY

Observation is made easier

TO ASSIST security surveillance, a 16 inch diameter, aluminium backed, weatherproofed, convex mirror, mounted on a single swivel castor, and controlled by a 32 inch handle, has been developed by Volumatic, Taurus House, Kingfield Road, Coventry (0293 84217).

Using the castor, the mirror can be pushed under vehicles or round corners, and it can also be lifted on its handle to look into high-sided trucks.

As well as security use in searching for smuggled or stolen goods, observing suspect packages, etc., the maker suggests the mirror could be used for observing production processes in industry where direct inspection might be dangerous, awkward, or where a "wide angle" view is required.

Provides two-stage warning

AN ordinary fire alarm system employing break-glass switches can be converted to a two-stage system using the recently intro-

RESEARCH

Everyman's scanning microscope

GENERAL-PURPOSE scanning electron microscope equipment, the Stereoscan 150, is being offered by Cambridge Instruments, who describe the price of the basic model as little more than that of a desk-top scanning microscope.

Among the advantages that the low-budget buyer should get for that "little more", however, is potential. For the modularity of the design and the catalogue of buy-later modules allows the user to stretch his first purchase—according to his own needs and plans—into a fully fledged research instrument.

Important in the Stereoscan 150 is its resolution, which Cambridge Instruments guarantees at 70 Angstroms. Moreover, the accelerating voltage is continually variable up to 40 kilovolts while magnification ranges from something less than x 5 to x 100,000, with 3:1 zoom. The manufacturer also stresses its efforts to make the operation of the instrument straightforward. The pushbutton controls are closely grouped, for example. And the automatic focusing or pushbutton focusing, and by fully automatic vacuum sequencing. Speed is a virtue claimed also for the photographic recording system—plus an additional asset: it is foolproof, with magnification marker and alphanumeric data automatically taken into the micrograph.

Choices open to the user include having either a standard working chamber for normal electron microscopy or a research chamber with nine ports and all that needed for microanalysis. The electron gun may be either a tungsten gun for general work or a lanthanum hexaboride one for pictures that keep their high brightness. The vacuum system may be a diffusion pump system, automatically controlled and designed to "fail safe". Or it may be a "super-clean" research system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Redac - Racal, Newtown, Tewkesbury, Gloucs. GL20 5HE. 0684 294151.

clude controlled-profile gamma correction, tilt correction, dynamic focus, expanded contrast and grey level imaging. And there is a very-high-resolution recording cathode-ray tube for those who want it.

Further information from Mr. R. L. Wignall, Cambridge Instruments, Melbourn, Royston, Hertfordshire SG8 6EJ. Royston (0763) 63611.

COMPUTERS

The other System 3

ANOTHER direct salvo has been fired at IBM by Telex International, which has now started marketing in earnest its System III, a small business computer aimed directly at the IBM System 3 market.

It is the first time that Telex has attacked IBM with a complete system—previous offerings were limited to peripherals.

This week the company has invited some 40 managing directors of companies using System 3 to a London hotel to examine System III. They were told that by changing to the Telex system they could save at least £10,000, the saving being achieved in many cases in under 12 months.

Other inducements include an undertaking that the price will remain unchanged for the duration of the contract and that the cost of expanding the system will be less than that for the IBM machine.

Telex is also making the point that there is nothing unproved about System III—it is based on the Lockheed Sna machine and there are now some 400 installations in the U.S.

It is a VDU/keyboard machine with core memory upgradeable from 24 to 64 k bytes, 880 ns cycle speed, from 5 to 40 megabytes of disc and up to four megabyte tape drives. Up to eight 24 x 80 character VDUs can be supported, remotely over phone lines if desired.

The change-over to their Telex system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Telex states there are about 1,000 IBM System 3 installations in the British Isles, so that they are addressing a market of about

Tealemit
Maidenhead, Berks.
Field Transfer, Control and Filtration
Lubrication Systems
Garage and Industrial Lubrication
Combustion Engineering

\$30m. This is apart from no IBM new business, which hopes to be tackling in about three months, and the rest of Europe where the product is already being launched.

The company already has turnover of about £5m/annum in the U.K. involving 11 customers and mostly based on IBM-alternative peripherals; claims it will succeed with System III because "we have better product at a better price from Telex Computer Products (U.K.), 213, Oxford Street London W1R 1AH (01-734 9131).

COMMUNICATION

Fibre optic trial in P.O. system

FIELD trials of a fibre optic digital transmission system are to carry nearly 2,000 simultaneous telephone conversations are to be conducted by STC in conjunction with the Post Office on a link between Hitchin and Stevenage in Hertfordshire.

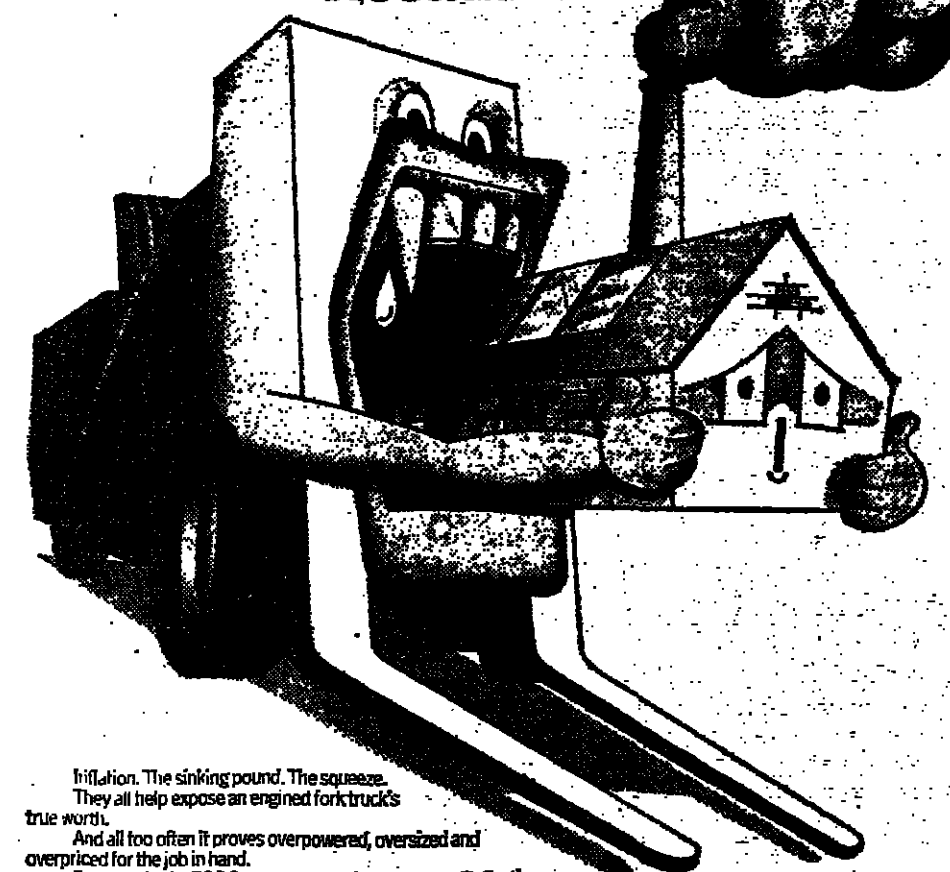
It will be the first trial of fibre optic communications within the public network to be conducted in the U.K. and the object is to demonstrate the latest technique in a non-research environment.

STC will provide the terminal equipment, optical cable and special regenerators and the Post Office will make use of typical duct route between changes in the two towns.

Operating at 140 megabits/sec the 9km length will have repeaters at 3 km intervals. The two "amplification" points on the route will be housed in standard Post Office repeater cabinets in footway boxes.

The cable consists of three low loss fibres with a central strength member and an overall polythene sheath. Power feeds will be over separate metal conductors, within the cable which is being made in a new unit at STL Harlow.

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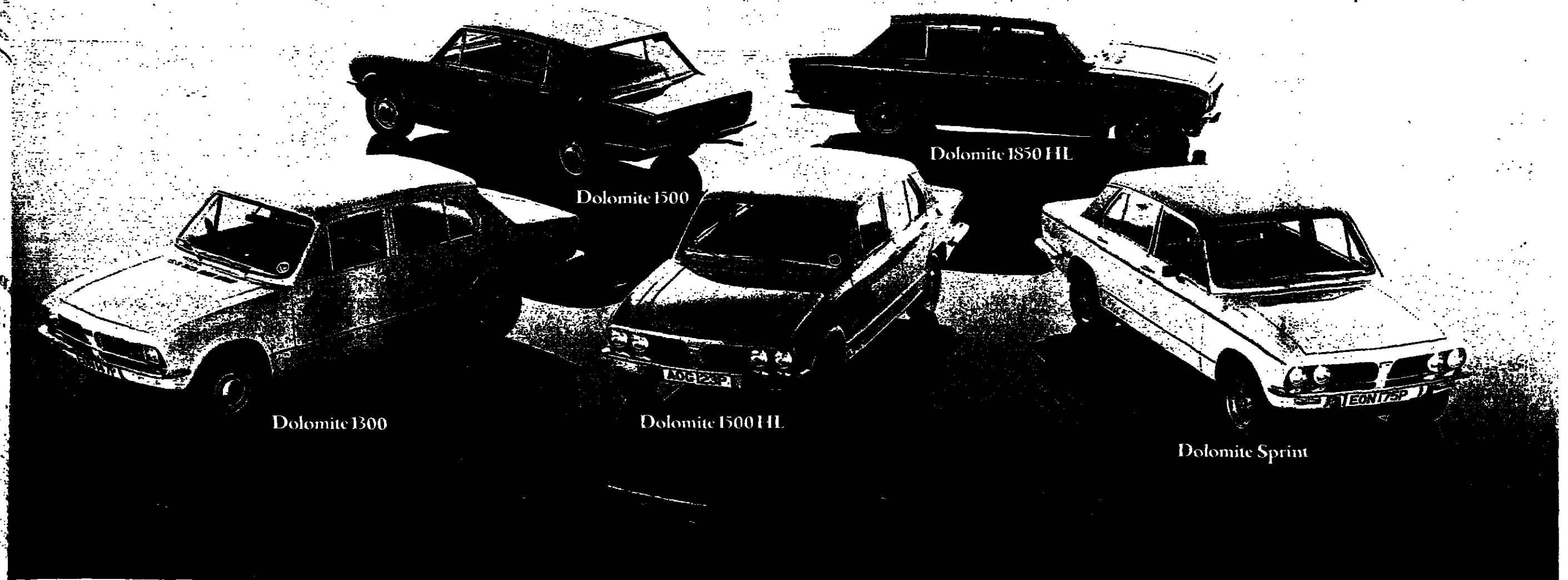
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Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite 1500

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs*
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite 1500 HL

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs*
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

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1854cc twin carb OHC engine, maximum mph—100, 0.60 mph in 11.5 secs*
Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

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Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

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*Source: Leyland Cars estimated figures



Benefit plan criticised at NEC meeting

LABOUR Party leaders and the TUC yesterday put on record their disapproval at the Government's decision to postpone its child benefit scheme.

Under the scheme benefits would be paid direct to mothers while fathers would lose tax allowances for their children.

Mr. David Ennals, Social Services Secretary, was bitterly attacked in the Commons on Tuesday when he made the announcement.

At the forefront of the criticism was his predecessor Mrs. Barbara Castle, one of the architects of the scheme before she was removed from office by the new Prime Minister, Mr. Callaghan.

Yesterday, Mrs. Castle raised the issue in an emergency resolution at Labour's policy-forming National Executive meeting at Transport House, London. Her motion, regretting the decision, was carried without dissent.

But the executive also accepted an amendment to the motion by Mr. Eric Heffer (Lab., Walton) that nevertheless they welcomed the payment of a £1 family allowance for the first child from next April.

The current £150 allowance for a second subsequent child will continue to be paid.

The TUC General Council also expressed regret of the changes announced by the Government.

They reaffirmed their support of the principles embodied in the Act and emphasised the need for the full scheme to be introduced as early as practicable.

Benn to hold reactor talks

WORK on the nuclear fast reactor in the United Kingdom and other countries "has now reached the point where we need to decide our approach to the next stage of the system's development," Mr. Tony Benn, Secretary of State for Energy, said yesterday.

Mr. Benn was answering a Parliamentary question from Mr. Ian Campbell, MP (West Dunbartonshire), who asked whether the Secretary of State would now make a statement on his policy towards the fast reactor.

Mr. Benn said: "In my current review of this I wish to provide the opportunity for wide consultation and will be holding discussions on this end, with a view to decisions in the early autumn."

Uproar greets Foot's plan

UPROAR and fury, with cries of "cheat," "fascist" and "Leader of the Reichstag" directed at the Leader of the House, Mr. Michael Foot, broke out in the Commons yesterday.

It was over a Government move to go on with its plans to take over shipbuilding and aircraft industries with the utmost speed, despite a development on Tuesday which was expected to delay or even kill the Bill.

The MPs' fury—they crowded the Chamber and the galleries—followed the Speaker's ruling on a procedural obstacle to the measure raised on Tuesday night by a Tory MP, Mr. Robin Maxwell-Hyslop.

The Speaker said that a prima facie case had been produced by the MP.

Serious

But yesterday Mr. Foot announced the Government would propose today that there should be no extra procedural committee work "in view of the serious consequences for the industries concerned, and for those employed in them, of further delay and uncertainty."

On Tuesday, Mr. Maxwell-Hyslop claimed that the Bill, a public/Government measure might be a "hybrid" Bill—which requires a different procedure from that given to a Public Bill.

A hybrid Bill enables individuals and concerns to make direct representations. This does not apply to ordinary Government Bills. Yesterday the Speaker ruled that the measure was prima facie a hybrid.

When the Speaker gave his ruling, Tories leapt to their feet in joy, waving their Order Papers in celebration of what they regarded as a Government defeat.

Mr. Foot said it was clearly impossible for the Commons to proceed with the Bill yesterday, when its Report Stage was again down for consideration.

But the House should have the earliest opportunity of deciding how to proceed with the Bill.

Supported by Labour cheers, Mr. Foot said the Government was not prepared to put the jobs of many people at risk. Therefore the Government would table as first business today its own motion which the House could decide to accept or reject.

This would state that in view of the serious consequences of delay and uncertainty on the industries concerned, and on those employed in them, further proceedings on the Aircraft and Shipbuilding Industries Bill

should dispense with application of the provisions of any standing order relating to private business.

If accepted, the motion would dispense with delaying procedural committee work.

Uproar broke out. Mr. Foot was greeted with chants of "cheat" and shouts of "tyranny." As Mr. Foot tried to explain further he was shouted down with "resign" and "disgraceful."

There were extraordinary scenes as Mr. Philip Goodhart (C. Bromley and Beckenham) told Mr. Foot that it did not lie in his mouth to challenge a ruling of the Speaker.

Mr. Foot said he was trying to give, at the first opportunity, the Government's view as to how the House should proceed.

"Of course it will be open to the House of Commons to decide on this matter to-morrow, not by shouting but by votes."

There was uproar from Tories as Mr. Foot added that any doubt on the subject of hybridity could be removed at Report Stage. Mr. Craxley Onslow (C. Woking) said Mr. Foot was challenging the Speaker's ruling.

But Mr. Thomas said he had given his ruling and it was now for Mr. Foot to speak.

As Tories continued to roar their disapproval, Mr. Brian Sedgmore (Lab., Luton W.) had called Mr. Foot Leader of the Reichstag and a fascist.

Mr. Thomas said he deprecated the hurling of abuse, but as Mr. Foot rose to speak again Tories shouted at him to resign.

Mr. Foot insisted there was nothing in his statement which was a challenge to the Speaker's ruling. Then he was once again shouted down by Tory MPs yelling "cheat."

The Speaker said it was "disgraceful to have MPs shouting 'cheat', but the row intensifies with Tories chanting 'cheat, cheat, cheat'."

Mr. Foot, struggling to make himself heard, said MPs would be able to pronounce judgment today on whether the Commons should be able to proceed with the Bill with the "utmost speed."

Mr. Onslow again claimed this was challenging the Speaker's ruling, but Mr. Thomas replied: "I heard no challenge to my ruling."

Mr. Gordon Wilson (SNP Dundee E.) suggested that the sitting should be suspended for ten minutes as no progress could

be made because of "heated tempers."

Mr. Kenneth Lewis (C. Rutland and Stamford), cheered by Tories, said the Committee of Selection would be sitting in ten minutes and should be asked to choose members for a Select Committee on this hybrid Bill.

The Speaker again tried to quieten the House but the interruptions continued as Mr. Foot went on to explain what he wanted to happen.

"What I first suggested and what was apparently objectionable to some Members is that we should have a full debate on the matter to-morrow," he said.

There were shouts of "No" from Tories when Mr. Foot said that if the Commons debated it today they would be able to overcome technical difficulties "and proceed speedily to get this Bill on the Statute Book."

Liberal Party leader, Mr. Jo Grimmond, told Mr. Foot: "If there is any uncertainty in the shipbuilding industry, it is because of the introduction of this Bill."

"If there is any hunching over this Bill then it is the hunching of this Government."

"You have been posturing around this place for years and years as a champion of democracy but you are now introducing a motion to get around the Speaker's ruling."

Mr. Grimmond said the Government must either withdraw the Bill or treat it as a hybrid.

Mr. Foot replied: "The difficulties in the shipbuilding industry are not caused by this Bill and you know precious little about shipbuilding."

The matter could be discussed in the proposed debate to-day, he told Mr. Grimmond: "I suggest you keep an open mind until you hear the case."

A chorus of "cheat, cheat" from Opposition MPs, greeted Mr. Foot's statement.

Sir Raymond Gower (Con., St. Albans) said: "The Government's Aircraft and Shipbuilding Bill had been caught on a point of order, ruled out by the Speaker."

But the Leader of the Commons refused to concede defeat. The Government, he announced, would today seek to suspend the rules and resume play.

"Cheat, cheat, cheat," cried the Tories who only moments before had been prematurely celebrating a victory with fluttering Order Papers.

"We are in an unprecedented situation," Mr. George Thomas observed from the umpire's chair, bidding for the understatement of the year.

To the Left and Right of him, volleys of epithets were hurled between the Conservative and Labour benches.

"Fascist," the Tories yelled at Mr. Foot. "Leader of the Reichstag," they shouted. "Humbug," retorted Labour MPs.

The Speaker's ruling that the Government's legislation was "hybrid" would mean further delay and serious uncertainty for the industries unless action were taken to avert it, Mr. Foot indicated in the spasmodic periods of silence.

Ministers were not prepared to put jobs at risk—even the future of whole industries—because of a technicality, he said. So the Commons would be asked today to invoke its time-honoured privilege of changing its own rules.

"Disgraceful," the Tories called. "Tyranny," they claimed.

If there were any uncertainty in the industries, the Bill had caused it, snapped

Barry said the Government was trying to bring in a motion to alter the Commons procedure during the passage of a Bill.

Opposition leader Mrs. Margaret Thatcher said: "We have rules of the House so that we do not have arbitrary Government. If you are proposing to set this aside at 24 hours' notice, then you are signalling the end of Parliamentary democracy and the beginning of arbitrary Government."

Mr. Eric Heffer (Lab., Walton) said that shipyard workers—he had been one for many years—were aware of the difference between a ship and an oil rig but would not understand the subtleties of a hybrid Bill.

If there were a disaster in the shipbuilding industry they would put the full responsibility on the Tories.

The shadow Leader of the House Mr. John Peyton brought angry shouts from Labour MPs when he repeated the allegation that Mr. Foot was perpetrating a "cheat" on the House. But he later withdrew the remark after an intervention from the Speaker.

Left-winger Mr. Dennis Skinner (Lab., Bolsover) condemned the interruptions and points of order as an "episode of Parliamentary mumbo-jumbo."

Shouting across at the Tories, he said there were a million and a quarter on the dole, and Conservative MPs should tell the unemployed lobbying Westminster what they had been doing in their interest.

Mr. Thomas said in reply to later interventions that the Public Bill Office had been satisfied in the early stage that it was not a hybrid Bill and so he had been until Tuesday afternoon.

He told Mr. Nigel Lawson (C. Blyth) that there was no precedent for a Speaker making the ruling such as he had at this stage of a Bill.

"We are in an unprecedented field."

The exchanges and turbulent scenes came to an end after one hour and 25 minutes.

Later Mr. Thomas turned down a call from Mr. Ian Gow (C. Eastbourne) for an emergency debate on "the refusal of the Government to follow the rules of the House, and the Speaker's ruling that the Bill is prima facie a hybrid."

Mr. Jo Grimmond, the Liberal leader, said there had been any hunching, it had been the Government's bungling.

Mr. Foot, who had been "posturing around this place for years and years as a champion of democracy," was now trying to subvert it.

Mrs. Margaret Thatcher, the Opposition leader, said that Mr. Foot's move "signalled the end of Parliamentary democracy and the beginning of arbitrary Government."

Think very carefully she urged him—but Mr. Foot had clearly already given his stratagem a lot of thought.

If the Government's Bill were not in order, the Government's next move certainly would be, he replied. The Commons would make its decision to-day. "If you are going to describe that as an attack on Parliamentary democracy then that is a Parliamentary absurdity," he said.

"You are making the House of Commons the instrument of Government instead of its watchdog," Mrs. Thatcher rejoined amid Tory cheers.

For over an hour, the verbal violence raged—without including any change of stance on either side.

It caused some bewilderment in the public galleries. And it would undoubtedly cause more in the shipyards, said Mr. Eric Heffer.

Shipyard workers were quite aware of the difference between a ship and an oil rig, he said. Even though the Speaker had ruled they were the same.

The Commons might indulge in its "mumbo jumbo" over such subtleties, added Mr. Dennis Skinner. The workers had more serious problems to worry them.

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Caught on a point of order

BY PHILIP RAWSTORNE

POLITICS IS NOT cricket, Mr. Michael Foot demonstrated amid erupting Tory fury in the Commons yesterday.

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But the Leader of the Commons refused to concede defeat. The Government, he announced, would today seek to suspend the rules and resume play.

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DEVOLUTION BILL

Legislative burden hangs heavily

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE SPECTRE of devolution working life before the war as a Post Office engineer and has spent his Civil Service career in the most practical things like running the roads programme in the Department of the Environment. He is not the sort of man to lie awake at night wondering if history will judge him to be the man who sold the pass and precipitated the break-up of the United Kingdom.

As so often happens, the realisation had nothing to do with the magnitude of the rhetoric of the Lord President's grand design. It was a simple appreciation that the devolution legislation will take over 30 days—more than half of the Parliamentary time allocated to the Government at the session—and involve endless amendments on more than 100 clauses with the very real possibility that the Government will find itself without a majority in the final reckoning.

More than 50 of the 100 clauses of the troublesome Bill have already been drafted. But by the end of July, the Cabinet will have to have reached a decision on the most outstanding areas of major difficulty if the Parliamentary Council are to finish the job on time.

These are (1) extra revenue powers; (2) the assemblies be allowed to impose surcharges on the rates, or following Layfield, introduce a local income tax; (3) the Government's commitment to the Privy Council is almost certain to be the body to decide whether an Act of the devolved Assembly is within its devolved powers at the pre-Royal Assent stage. But what about post-Royal Assent? Can the propriety of an Assembly Act be challenged in the courts or, like a Westminster Statute, will it stand in its own right?

(4) The Scottish Universities: Will they be linked vertically to the devolved Scottish educational system or linked horizontally with the University Grants Committee on a U.K. basis?

(5) Regulation of the professions: Are the standard conditions of the 1700 financial year, Mr. John Garlick, Second Permanent Secretary in the Cabinet Office in charge of the Constitutional Unit, is one of nature's unbalanced and the last person to be in a state of sympathy.

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tions of Scottish teachers, lawyers and architects to be decided on a Scottish or a U.K. basis.

(6) Scottish private law: If it is devolved in its entirety how will, for example, commercial law be harmonised with overall U.K. standards?

(7) Scottish courts: If responsibility is totally devolved, how will it affect the enforcement of U.K. laws in Scotland? This question goes to the very heart of national sovereignty.

In one sense, the most fascinating part is yet to come. What are the implications of devolution for the nine-tenths of the British people who do not live in Scotland and Wales? With the change of Ministers at the DoE and the Privy Council Office, work has had to begin again on devolution to the English regions. But should the Government run into the much heralded "English backlash" in the Commons next winter, Ministers and the Whitehall machine will, no doubt, be ready to rush out a consultative document for England. The consequences of these proposals could, ultimately, provide the biggest headache of all.

An outside observer cannot fail to notice another dimension to the exercise. It is significant that the Cabinet Office team are called the Constitutional Unit, not the Devolution Unit. For the first time, the Constitution with capital "C" is being treated in terms of documented specific rather than unwritten conventions.

One might speculate that before too long, Mr. Garlick unit could be responsible for drafting a Bill of Rights for the U.K. as a whole to take account of devolution upwards to Brussels and Strasbourg and downwards to Edinburgh and Cardiff.

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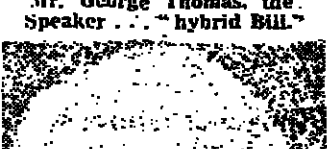
Mr. Robin Maxwell-Hyslop raised procedural obstacle.



Mr. George Thomas, the Speaker, "hybrid Bill."



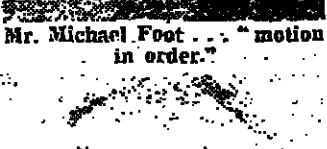
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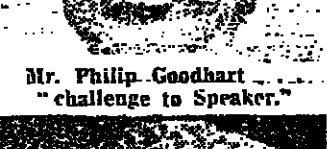
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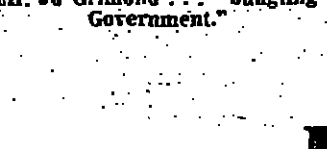
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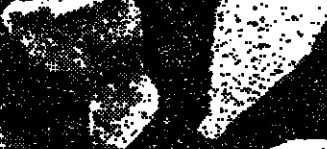
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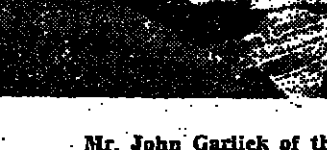
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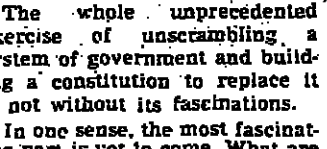
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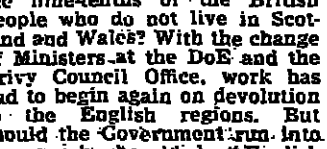
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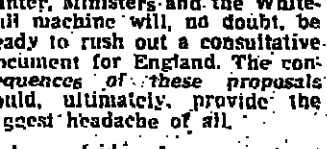
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HOME NEWS

Freight group urges debt relief after £31m. loss

ARTHUR SMITH

CORD £31m. lost by the owned National Freight group is disclosed in the annual report, published last week.

But it was not all gloom in 1975. Among the many successful companies the British Road Services group achieved record turnover and profit, at £70m. and £2.84m. respectively.

Growth was continuing in the current year and profits could be "considerably better," Sir Daniel said.

Last year, many sectors of the corporation's business were faced with a 25 per cent. fall in traffic, a fierce competition from other operators.

Higher capital reserves were needed to promote innovation and the development of new business, said Sir Daniel. "An under-capitalised corporation is forced to service an increasingly heavy financial burden of past obligations imposed by statute or by outmoded previous practices and precedents inherited at our inception."

Inchcape plea to EEC on shipping

By John Wyles, Shipping Correspondent

A PLEA for shipping to be left free of detailed regulation by the EEC was issued yesterday by Lord Inchcape, the incoming president of the General Council of British Shipping.

In his presidential address to the GCBS annual general meeting, Lord Inchcape, chairman of P and O and of Inchcape and Co., pointed out that EEC thinking on shipping policies was still at a formative stage.

He held up American shipping, "protected, regulated and priced out of the world shipping market" as an example to be avoided.

From the point of view of the Community as well as of the U.K., shipping should be treated as a world-wide industry and outward looking policies are needed to keep EEC countries shipping industries healthy.

The balance of payments importance of shipping must always be borne in mind, Lord Inchcape said emphasising that "it is a vital element in foreign trade, rather than as a mode of transport that we British have always seen shipping."

Lord Inchcape succeeds Mr. Tim Bolton of the Bolton Steam Shipping Company, as GCBS president.

His successor as vice-president is Mr. Peter Walters, a managing director of BP with special responsibilities for shipping chemicals and oil supply.

'Motorcycle plant re-opens Monday' announcement to-day

BY PETER CARTWRIGHT

THE NORTON VILLIERS motorcycle and industrial engines plant at Wolverhampton is to be re-opened by the liquidator on Monday, a meeting of the 600 former employees who have been picketing the plant since it was closed in August will be told today.

The only concession the committee has made is to allow orders for police authorities—which largely rely on Norton Commandos—to be completed.

Nearly 100 machines had been built in recent months for various police forces and while it should be possible to complete many more, the inevitable question mark against the future security of supplies will not encourage new orders.

However, the reopening of the plant should provide some comfort for customers who have been without spares for 10 months. At the same time, the removal of the pickets should make it less of an ordeal for intending buyers, who will also be able to see parts of the factory at work.

Probably fewer than 200 people will be needed for the limited operation in prospect, but work should be available for several weeks.

Work for 200

Hopeful

To hasten a decision by a potential buyer, Mr. Kenneth Morgan, of Mann Judd, the liquidator, put a deadline of June 6 for completion of formalities. Much had been promised, but none had put money on the table.

The action committee is still hopeful that a so far undisclosed

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Range of options

Coopers and Lybrand is examining a range of options for National Carriers, the former British Rail Sundries Division which has not made a profit since the corporation was set up.

Many alternatives are being considered between the two extremes of complete closure—redundancy costs alone would be about £65m.—and a major investment programme in new and competitive services.

A substantial injection would be necessary to rationalise the network of some 100 warehouses, many of them old-fashioned and geared to an outdated rail system.

In the first months of last year the unreliability of train service was a major problem.

"Defensive action" taken by Carriers last year involved a cut of nearly 1,800 in the workforce and reductions in vehicles and depots. But this could not be done quickly enough to keep pace with the loss of business.

Coopers and Lybrand is also investigating the Freightliner system to see whether the investment necessary to maintain the business is justified.

Shoe shops agree on conduct codes

ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

PS SELLING more than the shoes in Britain have a voluntary code of conduct governing pricing, labelling, complaints-handling, and other aspects of shoe retailing.

The code was agreed yesterday by Mr. John Peden, in his last formal capacity as director-general of Trading Standards, and by the Federation of British Shoe Manufacturers.

Mr. Peden has consistently been an advocate for consumer rights. Shortly after taking office in 1973 Mr. Peden asked the industry to permit him to adopt a new code of conduct.

It may be said that in view of the "unpleasantly high" level of shoe prices, a code of conduct was a particularly timely step taken by the industry to its customers a better code has been agreed by the Federation of British Shoe Manufacturers.

The code encourages manufacturers and importers to use the testing facilities offered by the research association before ordering shoes in bulk. Retailers have agreed to label shoes to show whether the uppers are leather, and to provide customers with more information on care of shoes. They have undertaken to quote all prices inclusive of VAT, and to supply fitting facilities for children's shoes.

Like the nine other codes negotiated by the Office of Fair Trading, that for shoes lays down a procedure for dealing with complaints. In a dispute the customer can send the shoes to a new testing centre established by the Federation and administered by the Shoe and Allied Trades Research Association. A £2 fee will be charged, and the money will be refunded if the complaint is upheld.

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EEC activities

The problems which the corporation has met in trying to expand activities within the European Economic Community are attributed by the annual report largely to economic recession.

The French subsidiaries acquired towards the end of 1974 were badly affected. "Trading losses involving development costs were heavy and in the absence of adequate reserves to carry the companies through, the corporation has regrettably to withdraw from a large part of its operations in France."

Costs of closure are estimated at £5m, but a considerable part of this loss may be recoverable because legal action has been started "against the former owners of certain companies arising from guarantees given at the time of their acquisition."

Mr. Freddie Laker, chairman of Laker Airways, went to the High Court yesterday to seek a declaration that Mr. Peter Shore, the former Trade Secretary, acted illegally when he revoked Skytrain's licence.

Mr. Laker spent \$71m. on three DC-10 aircraft for Skytrain and there will be no compensation," Mr. Andrew Bateson, QC, acting for Mr. Laker, said.

The Civil Aviation Authority granted a licence for Skytrain in September, 1972. Mr. Laker then had a two-year fight to get the approval of the U.S. Civil Aeronautics Board.

In December, 1974, British Airways applied "out of the blue" to the Civil Aviation Authority to have Skytrain's licence revoked.

The Authority refused, saying that Skytrain was "a bold and far-sighted experiment," but because of the economic situation it ought not to start operating until early this year, said M. Bateson.



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Scottish insurance fears of devolution effects

ERIC SHORT

ABOUT the effects of devolution on the Scottish insurance industry were expressed yesterday by Mr. I. H. Stuart, chairman of the General Fire and Life Assurance Corporation, at the Perth Evening Express.

Mr. Stuart said the inevitable effects of devolution, whatever form it took, could not but cause a competitive disadvantage, he claimed.

Position would be even worse if Scottish companies were to have their business restricted by legislation which would affect English companies.

Black also attacked the suggestion that the Scottish Government had gone into deficit for the first time in 24 years. There were to be massive increases in motor premiums and private insurance companies are to be asked to return to the market.

Mr. Black reported that, despite the poor first-quarter results in the U.S., there were grounds for cautious optimism for the group for a reduction in 1976 of underwriting losses, overall and a continued increase in investment income. There was a steady improvement in most classes of business and he looked for a recovery in the U.S.

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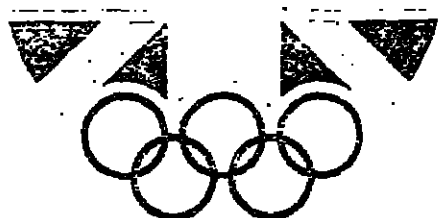
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Granulated Sugar	157 calories per penny
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These figures are based on (1) the calorific values given in 'The Composition of Foods', published by HMSO for the Medical Research Council, and (2) the Average Retail Food Prices in the United Kingdom for 13 February 1975, published by the Department of Prices and Consumer Protection.

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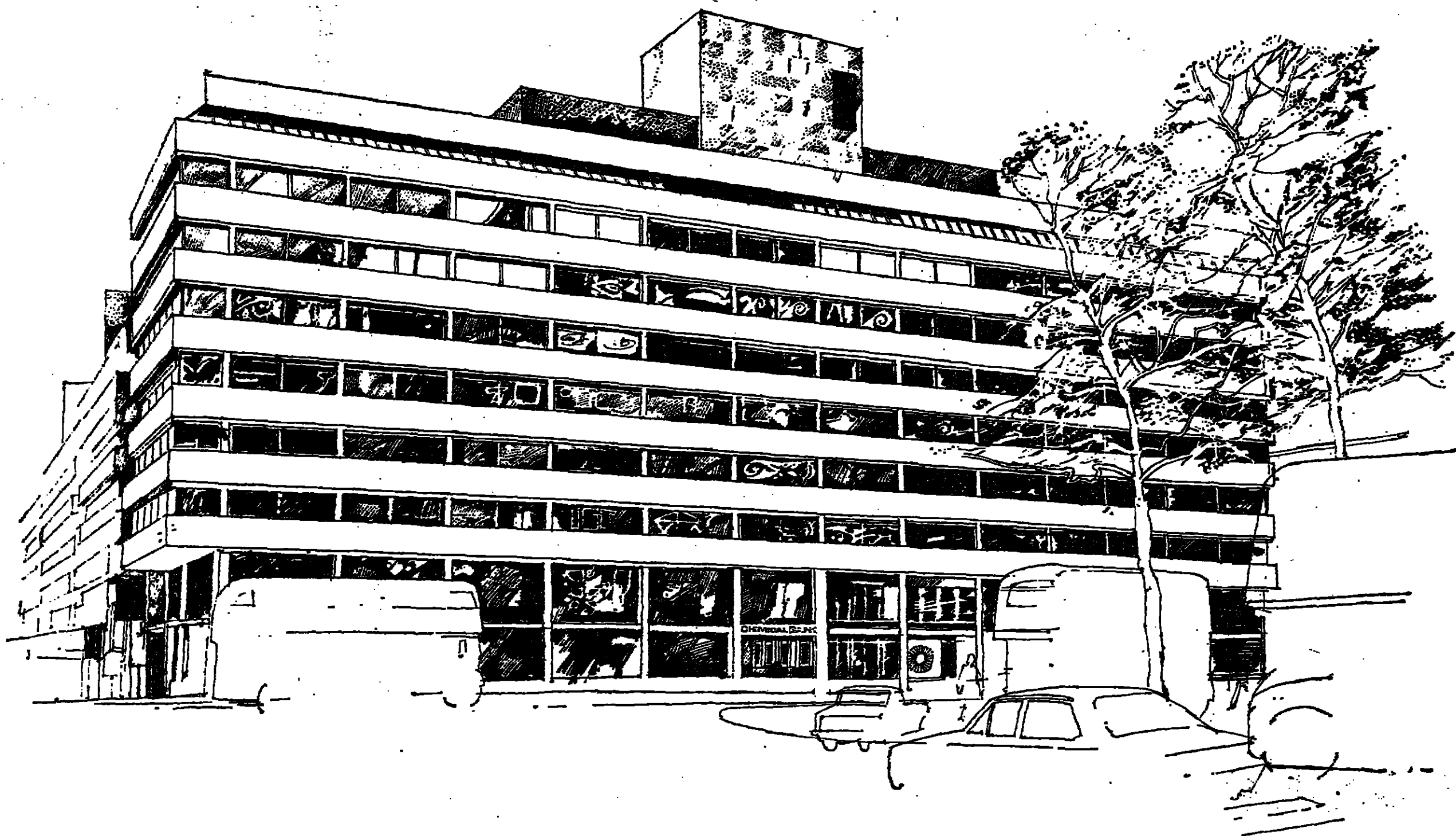
On Monday 31st May Chemical Bank celebrates its move to new headquarters at Chemical Bank House, 180 Strand.

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W. L. Tait,
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This Consultancy is expanding to serve the business needs internationally of its growing list of clients.

Our objectives are to continue to increase our domestic business and to extend our present international scope.

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c £6,000

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The company has significant cash resources and foreign currency positions arising from its international trading activities and the main object of the work is to set-up and run cash and currency management systems. Specifically, you will develop short- and medium-term cash forecasting systems in the U.K. and overseas and initiate, monitor and operate a system of recording world wide currency exposure.

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The person we are seeking should be a graduate, with the ability to mix at all levels. He/she will probably be a qualified accountant, of any nationality, ideally with a business degree and supported by practical experience within a multinational company in a line management role with profit responsibility. Experience of corporate and financial planning is essential, as is an in-depth knowledge of investment and capital expenditure appraisal. Preferred age mid-30s.

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currently executive with major American corporation, responsible for operations in a number of European countries, previously managing director of Spanish and Belgian operations of large British group, broad European business experience especially food and packaging industries.

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YOUNG CHARTERED ACCOUNTANT

Aged 23/27 c. £5,500 + Bonus

L. MESSEL & CO wish to recruit a replacement for their present Assistant Controller who has been promoted to another area of the business. He/she should be conversant with current practice in the fields of financial and management accounts. In addition it will be helpful if some experience has been gained in taxation and/or the audit of computer systems.

This challenging opportunity will enable the right candidate to gain valuable experience in the further development of an integrated management reporting system.

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Applications will be dealt with in strictest confidence. Please send curriculum vitae, with details of education, employment, present position and description of current responsibilities to:

F 429, The Financial Times, 10 Cannon St., EC4P 4BY.

مكتبة النخيل

The Marketing Scene

Y & R adds promotion company

BY ANTONY THORNCROFT

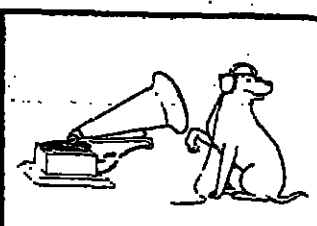
YOUNG and Rubicam has acquired the international promotion company Cato Johnson Associates. In the past Y and R has had a really significant presence in London but the addition of Cato Johnson, which operates in Cincinnati, New York, Brussels, and as well as London, gives it much stronger world-wide spread.

The most impact from the merger will be obvious in London where the 25-strong Cato Johnson office, with its big-toys design, will move in with Y and R's promotion company, H Marketing Services, which concentrates on consultancy work with long-term clients. The company will be known as Cato Johnson GLH, and with a billing equivalent of £4m, and a strong staff, it will be easily a largest exclusively sales promotion operation in the U.K.

The injection of new blood is only for GLH which recently suffered management losses when its managing director, Peter Hood and two other executives left to set up their own promotion company, around the same time two major clients, Golden Wonder and Typhoo cancelled their long-term contracts. But Jim Atkinson, who becomes chairman of managing director of Cato Johnson GLH, says the company is recovered well, even before the merger, which takes effect June 19th.

Young and Rubicam's purchase of Cato Johnson is similar to its acquisition of Wunderman, the direct marketing company, and a medical agency in the U.S. New sales promotion lines, attached to Y and R agencies, are planned for Milan, September, Frankfurt next autumn, and for Amsterdam.

Mac Cato, president of Cato Johnson, gets the job of co-ordinating Y and R's international below-the-line activities, while Gerry Postlethwaite, former managing director of Cato Johnson, will supervise the European operation from London, part from consultancy and design the new company intends to build up its audio visual and offshore expertise.



HMV dog barks back Waseys

BY ANTONY THORNCROFT

HOUSEWIVES who visit Oxford Street for shopping. The copy stresses the enormous stock at the shop—25,000 titles as against 1,000 or less in the discount outlets.

EMI is perhaps encouraged to promote its main specialist outlet by the fact that in the U.S. specialist record stores, often on the edge of town, are gaining back business from discount shops as the public seeks wider choice of music. EMI is, in fact, examining the prospects for similar large shops to Oxford Street to be set up in Manchester and Birmingham.

The Creative Business has worked for EMI in the past on promoting individual records and reflects the company's ad hoc approach to buying creative talent. It has just added Collette Dickinson Pearce to its agency list, giving it the task of devising a TV campaign for a Beach Boys LP, its first venture into the compilation album business which it has so stirred up the record industry in recent years.

The HMV shop is very much the EMI flagship, accounting for almost two per cent of the U.K.'s total record and tape sales. It has 100,000 customers a week, a quarter of them foreign visitors. There will also be in-store promotions, and to make sure the staff were invited to a pre-campaign party and presentation.

Gain for Waseys

WASEYS, which last week lost around £750,000 of Carnation Foods business, has gained almost as much this week from Nestlé. It is taking on Nescafé Fine Blend coffee, worth £350,000 from its fellow Interpublic agency, McCann Erickson, and will also advertise Branston pickles for Nestlé. The coffee nicely replaces Carnation Coffee Mate brand. But the agency also loses an account, the National Giro, which goes to Royds in Manchester, close to the Giro headquarters.

THE INDEPENDENT Local Radio revenue for April again topped the million mark at £1,279,338. This brings the total for the first four months of 1976 to £3,905,528, a 10 per cent increase over the corresponding period of 1975.

CONOCO, the oil company, is carrying out a pilot TV campaign "The power behind Jet"—its retail petrol brand. Gordon Proctor and Partners handles the account.

GLOBAL Tours, part of the GUS Group, has appointed W. S. Crawford to handle its £250,000 account.

HADDONS WPT has appointed Lawrence Pratt as Creative Director. Kenneth Smith, creative director for the last two years, is returning to Malaysia as creative director for J. Walter Thompson.

MICHAEL YOUNG becomes managing director of Deltacos (U.K.), J. Walter Thompson's pharmaceutical subsidiary, as from June 1. He takes over from Dr. Philip Brown, who will however remain on the board.

PUNT e Mes is the latest product to use stations forecasts for promotion. A quarter of a million commuters around London will be offered an evening nip of the Italian aperitif at 19 stations, with a finale later in the summer on the concourses at Waterloo and Marylebone. In addition to the free testing 2p off coupons will be handed out.

PEARL AND DEAN, the leading cinema advertising contractor, is offering advertisers a series of cinema packages. Customers can now have their commercials screened solely in holiday resorts, in towns with large communities of the armed forces, in TV regions, and the West End of London.

Enter the heavies

THE LONDON Communications Consortium on the face of it is just another anonymous name but behind it lies some heavy-weight marketing talent.

David Kingsley, a founder of agency Kingsley Manton Palmer which became Kimpher, Len Heath who added the H to KMPH, Lord Lyons (ex Dennis) a former managing director of Infoplan, and possibly slightly less well known, Denis Carter, an accountancy-based farmer, and Eric Parsloe who has had his own communications company for some three years.

Consortium it is, however, for what has happened is that the five have set up an office in Chancery Garden, London, where the overheads are shared. When one member wishes to draw on the expertise of another then they pay each other on a consultancy basis. They are definitely not in advertising and each has his own company. Len Heath's company is Bassett Communications, there is Kingsley and Kingsley and Eric Parsloe and Co., Denis Carter's company is AKC and Lord Lyons has several titles.

The consortium officially came into being in February and the idea is that each member actively seeks projects in which one or more of the others might sensibly be involved. So far there is work for Chrysler, Zambia, a Japanese trading group and the question of how to market rape seed.

Selling in the Gulf

BY DOINA THOMAS IN BAHRAIN

ALTHOUGH the vast bulk of U.K. exports to the Arab States of the Gulf are either technical goods or capital equipment, the consumer goods market is of growing importance as the local standards of living and patterns of consumption increase. And consumer goods means the ordinary everyday packaged products, washing-up liquids, soap powders, packet soups, processed meats, shampoos, cosmetics and frozen foods, and so on, rather than the odd solid gold back-scrubber.

The marketing of consumer goods, as it is understood in the west, is only just beginning, such the various States are at different levels of sophistication, most being probably the most advanced and following the western pattern.

In promoting car sales for example, one Kuwaiti distributor offered customers the chance to a free holiday, an Abu Dhabi distributor held a well publicised and attended exhibition and in Bahrain the occasional discreet offer, saying "another car, m Mohammed Jalul is seen, n retailing generally, however, concepts of display and merchandising have not yet taken hold (with the notable exception of the Jashamal chain department stores and one Asbraf shop with food hall, Bahrain and Spinneys and a supermarket elsewhere).

For example in one supermarket a five shelf display rack showed, reading from the bottom, bread, children's sweets, contraceptives, cigarettes and assorted toiletry items. The main problem in the Gulf has traditionally been the lack of advertising and public relations agencies.

One peculiarity of trade in the Gulf States, which hinders the development of advertising and in-store merchandising or promotions, is the tendency for retailers also to hold agencies. This is particularly true of food and pharmaceuticals, and while the food store will also act as a wholesaler for his principals, the distribution of ethical and proprietary pharmaceuticals is often limited to the agent's own shop. Batchelor's has just introduced in-store promotions to the Gulf supermarkets with its Cup-a-Soup line, though some retailers needed a lot of convincing that this product would not harm the canned or packaged soup sales for which they held agencies.

As point of sale promotion is the only truly feasible form of advertising in Saudi Arabia, this makes marketing quite frustrating at times.

For those merchants who have become convinced of the value of advertising—or who have been pushed into it by their principals—there is a wide variety of media and an increasingly competent advertising and public relations sector. Given the small populations, the States have almost an excess of newspapers—even Oman, where mass education has only been available since 1970, supports four Arabic language weeklies and one English language paper. And there is commercial TV, colour or black and white in Bahrain, the United Arab Emirates and Kuwait (broadcasts can be received far and wide).

TV is widely reckoned to be the cheapest and most effective advertising medium, with the cinema following a close second though considered particularly effective for reaching the Asian market. Kuwait commercial TV is heavily oversubscribed and time is apportioned by allotment. But in Bahrain and Dubai (the second state of the UAE) the position is easier. There are about six-eight minutes of advertising time per hour at the moment but there is little research into viewership. Most media research in the Gulf is a matter of applied intelligence through one Bahrain based agency, Gulf Publicity Services, which now offers a market research facility.

"The Press scene in all the States is sad," comments one advertising man (anonymous naturally). "In the only truly professional paper, the Gulf Weekly Mirror, one cannot get space." This means that Press advertising campaigns are often diffuse, switching from paper to paper, and thus losing impact. A boost has recently been given to the Press by the banning of cigarette advertising

Moutran, Bahrain manager of Intermarkets, the Beirut based agency with offices in Kuwait, Dubai and Bahrain. But, as Abdulnabi Al-Shoala of Gulf Public Relations, Bahrain, points out, as the merchant's business grows larger they tend to employ expatriate managers (often British) who are accustomed to competition in the marketplace and the back up of advertising and public relations agencies.

Stefan Kemball, editor of the Gulf Weekly Mirror, it has reached a print run of 11,000 and thus a claimed circulation of 10,000 for a 40-page paper which is set and corrected on one ancient Linotype. Advertising has to be booked a fortnight in advance. The Thomson Organisation has recently studied the paper and its market and a decision on expansion should be taken in the next couple of months. The decision has to be taken between going daily, probably not feasible given the capital investment in plant and staff that would be necessary, or bi-weekly, which is more likely even though for both courses the question of fast distribution is a major headache.

But if the papers have their problems in the Gulf, the advertising agents are doing nicely. Intermarkets expects its billings to reach £700,000 or so this year after three years in existence, and its Dubai office, only open for two months, is already likely to bill £400,000 for the year at the present rate. Gulf Public Relations is only two years old but trebled its billings last year to reach around £400,000. The McCann-Erickson office in Bahrain is "doing nicely" though its Kuwait office has larger billings servicing Lockheed and General Motors accounts.

Both the Arab agencies have similar links with London agencies. Intermarkets is linked with now offers a market research facility, Lintas for the Unilever products, with Foote, Cone and Belding for British Airways, J. Walter Thompson for Cable and Wireless, and it has just won the Rowntree's account. Various London-based agencies have been to the Gulf, sending this year a frightened most off is the expense of setting up. It now costs around £30,000 per executive year for house and salary; the office and communications costs have to come on top of that.

from Bahrain TV—but how much longer cigarettes can use even newspapers is a moot point, and liquor, of course, cannot be advertised anywhere, though it is available retail to Europeans in all States except Kuwait.

Qatar and Saudi Arabia. "The paper is now at a watershed," comments Stefan Kemball, editor of the Gulf Weekly Mirror: it has reached a print run of 11,000 and thus a claimed circulation of 10,000 for a 40-page paper which is set and corrected on one ancient Linotype. Advertising has to be booked a fortnight in advance. The Thomson Organisation has recently studied the paper and its market and a decision on expansion should be taken in the next couple of months. The decision has to be taken between going daily, probably not feasible given the capital investment in plant and staff that would be necessary, or bi-weekly, which is more likely even though for both courses the question of fast distribution is a major headache.

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Edmond Moutran



Stefan Kemball

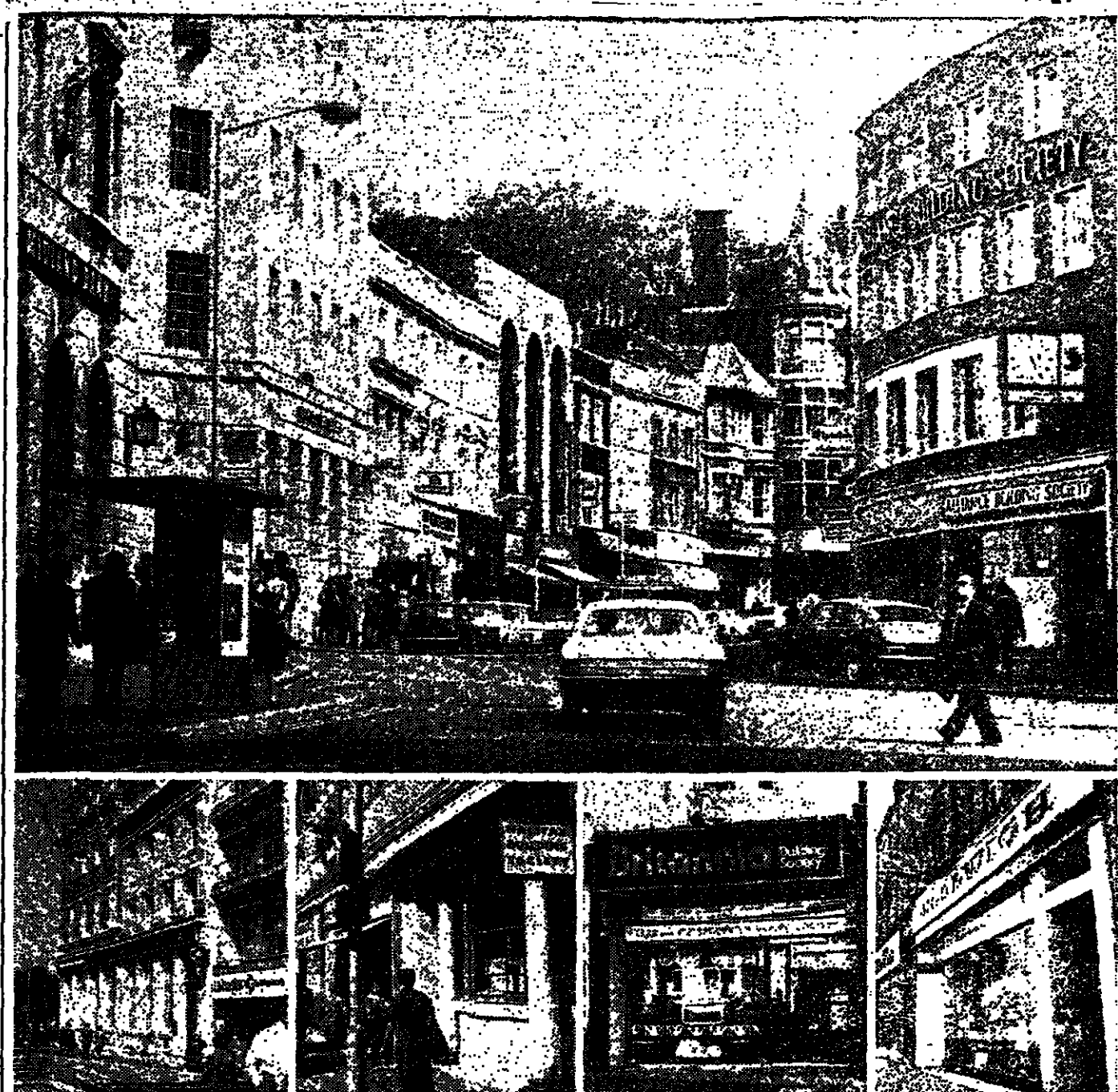


11 boats on a 3-day test

In the Yachting World 'One of a Kind' Rally, 1976, eleven yachts in the 7-metre (23ft) range were exhaustively tested over 3 days by 3 independent experts and the Yachting World team. They assessed everything from manoeuvrability to value for money. Read their full report in this month's issue. Also: Are your sails outdated?—a revolutionary new idea from Italy; a preview of the Observer Singlehanded Transatlantic Race; reports on two cruiser-racers, Contention and Shamrock, plus pages and pages of boats for sale.

Yachting World

'One-of-a-kind' Rally Report
At your newsagents now 50p



SOUTHERN INVESTOR 1975

£100 saved in 1968 is worth only £45 now. On that evidence, is there any incentive left to save? Southern Television's 1975 survey indicates that many believe there is. 70% of respondents disagreed with the statement, 'It's hardly worth saving any more'. Why? If you're involved in finance, 'The Southern Investor '75' will bring you up to date on the latest financial trends. It includes a new section on credit and credit cards. When you've read it, we'll be glad to give you a full presentation as well. To expand, clarify and answer any queries. 'The Southern Investor 1975.' Required reading for 1976.

Please send me a copy of
The Southern Investor 1975

Name _____

Position _____

Company _____

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F.27/5

SOUTHERN TELEVISION

Contact Brian Henry, Marketing and Sales Director,
Southern Television Ltd., Glen House, Stag Place, London SW1E 5AX. Tel: 01-834 4404.

The Heathrow Hotel

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- RESTAURANTS
- SHOPPING FACILITIES
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COMPANY NEWS + COMMENT

Alfred Dunhill up £1.1m. to top £7.2m.

EXCLUDING certain profits for the first time, the pre-tax surplus at Alfred Dunhill increased from £6.1m. to £7.2m. in the year ended March 31, 1976, after an improvement from £5.9m. to £6.3m. in the first half.

It is explained that £320,527 (£50,381), after deducting minorities before and after tax, and which arises from the conversion of the opening net assets of the overseas subsidiaries at year-end exchange rates, has been taken direct to reserves, whereas in previous years it has been included in group profit.

Stated earnings per 10p share are up from 35.5p to 40.8p and the net dividend total is raised from £4,635,500 to £5,094,350, with a final of £4,594,350.

The company makes pipes, imports cigars, and makes tobacco, cigarettes, lighters and smokers' requisites.

	1975-76	1974-75
Turnover	25,114,620	19,784,525
Profit before tax	7,200,527	6,100,000
U.K. tax	2,619,991	1,975,821
Overseas	447,141	294,175
Deferred	117,291	73,748
Minorities	117,291	73,748
Attributable	5,020,797	4,028,225
Pre-tax dividend	5,020,797	4,028,225
Dividend	5,094,350	4,635,500
Final	5,094,350	4,635,500

comment

Dunhill's 18 per cent. pre-tax profits rise on a 27 per cent. increase in turnover points to good support from overseas sales which accounted for four-fifths of the total in 1974, and from expanding interests in toiletries for men. In the U.K. there was a marked swing to smaller cigarettes as well as a per cent. fall in overall sales by weight but this would have been less pronounced in Dunhill's more expensive, high-quality range. Higher costs are beginning to put some pressure on Dunhill's margins. But there has been no deterioration in the net cost position (at more than £2.5m. last year) while the current year can look forward to the start of the new Skelmersdale toiletries factory. The comparatively low p/e of 5.4 for the shares at 25.5p is accounted for by the 4.9 per cent. yield, which is more than a point below the sector average although the cover is a healthy 8.7 times.

Walter Duncan Goodricke

GROUP PROFITS after tax of East Indian merchants and managing agents Walter Duncan & Goodricke fell from £432,109 to £139,323 in 1975 after a first half loss of £11,000 compared with profits of £379,000.

Extraordinary items add £372,432 against a debit of £107,421 and

HIGHLIGHTS

Interim profits of International Computers (Holdings) are up by over a third and there is a good order book for the rest of the year—but there is nothing definite yet about the dividend for the full year. BOC International reported a 41 per cent. rise in its interim profits, mainly on growth overseas. Lex also comments on the higher interim profits from Marley which experienced a sharp upturn in the U.K. and eliminated losses overseas. Elsewhere, Bejam announced a rights issue to raise £2.5m. and forecast profits for the full year of £2.5m., an increase of 56 per cent. over last year. Full-year profits at Capper-Neill nearly doubled to £2.7m. and there could be another sharp rise in the current year. The 42 per cent. jump in half-time profits of Greenall, Whitley were better than expected and the shares held steady in a weak market. Other results include Dunhill, Pritchard Services, and Feb International.

Greenall Whitley up £1m. so far

REPORTING a rise in pre-tax profits from £2.3m. to £3.3m. for the six months to March 26, 1976, the directors of Liverpool-based brewers Greenall Whitley say that present performance gives grounds for optimism, but results could be affected by a cooler summer and by the recent increases in excise duty. Profit for the year to September 26, 1975, reached £3.98m.

First-half earnings are shown in the up from 2.51p to 3.27p per 25p share and from 0.45p to 0.65p per 3p "A" share. The interim dividends are lifted from 0.8021p to 1.0072p and from 0.1004p to 0.1234p respectively—by the 4.9 per cent. yield, which is more than a point below the sector average although the cover is a healthy 8.7 times.

	Six months	Year
Turnover	2,500	2,500
Trading profit	2,500	2,500
Operating	2,500	2,500
Interest payable	2,500	2,500
Interest receivable	2,500	2,500
Income tax	2,500	2,500
Profit before tax	2,500	2,500
Taxation	2,500	2,500
Net profit	2,500	2,500
Dividend	2,500	2,500

Beers have held up very well, says the chairman Mr. C. J. Hutton. The swing to cheaper beers has continued but sales of Greenall's larger have reached new peaks. Investment in new plant and equipment has been justified by the results. Retail, wines

Capper-Neill peak £2.76m.

REFLECTING improved performance in the first half, group company, pre-tax profit of Capper-Neill, the process plant group, advanced by 86 per cent. to a record £2,760,000 in the year to March 31, 1976, after £2,375,000 against £3,010,000 for the first half. And the directors forecast a further increase for the current year. The present policy of developing overseas markets continues and has raised the export performance to a higher level of activity, they state.

Turnover for the year expanded from £26,000 to £38,720, and stated earnings per 10p share advanced from 3.32p to 4.84p. The final dividend is the freshened 1.287p, on capital increased by the November rights issue, lifting the total to 2.57p. The maximum permitted is 2.57p.

The tax charge, which is totally deferred, is up from £738,055 to £1,500,760.

	1975-76	1974-75
Turnover	38,720	26,000
Trading profit	2,760	2,375
Operating	2,760	2,375
Interest payable	2,760	2,375
Interest receivable	2,760	2,375
Income tax	2,760	2,375
Profit before tax	2,760	2,375
Taxation	2,760	2,375
Net profit	2,760	2,375
Dividend	2,760	2,375

Payment totally deferred.

comment

A 108 per cent. pre-tax profit jump in the second half, following an interim increase of 74 per cent., pushed Capper-Neill's full-year figure 86 per cent. higher to £2,760,000, a record for the group. While strong demand for U.K. storage tank and petrochemical pipework in the past two years provided the impetus, 1975-76 also benefited from overseas expansion, particularly in the Middle East and North and West Africa. The current year will see Capper-Neill looking overseas for a great deal of its growth as demand from the U.K. has slackened considerably. But one bull point in the U.K. is increased work from the brewery/food manufacturing sector and the CEGB. Meanwhile, order books remain heavy and the company can look forward to further profits growth in 1976-77, with a full year total of £3.1m. a likely prospect. Yesterday's report showed the share to shed 3p to 59p where the p/e is 6.1 and the yield 6.9 per cent., covered 3.7 times.

Israel British Bank

A favourable decision has been made in the U.S. Court of Appeals in the case of the Israel British Bank (London), which collapsed in 1973 and is now in liquidation. It is the latest stage in a long legal battle fought by the liquidator, Mr. Alan Wheatley, of City accountants Price Waterhouse, to prevent the £2.3m.—in the form of bank deposits in the U.S.—being repatriated to the U.S. banks which are creditors of IBB (London), rather than left available to the crashed concern's creditors generally.

comment

In October 1975 an American District Judge ruled adversely to the liquidator, holding that he could not claim the protection of the U.S. bankruptcy law to establish a right over the money in question. However, on Tuesday this week the U.S. Court of Appeals reversed this earlier ruling in the liquidator's favour, so establishing that the U.S. bankruptcy laws apply to foreign banks. The result is to add the assets in question to the resources available in the liquidation to the general body of IBB (London's) creditors.

Thomson T-Line recovery

At the meeting of Thomson T-Line Caravans, Mr. D. Thomson, chairman, announced that since the reduction of the luxury rate of VAT in April sales had considerably improved and continued at a high level. The company was slowly increasing productive staff, all sections were now working profitably and were expected to continue doing so. The picture for the current year should show a decided improvement over 1975 and "we expect this progress to continue," said Mr. Thomson.

Lyle Shipping hopeful

Mr. William Nicholson, chairman of Lyle Shipping, told the meeting that, though the current higher freight rates were not profitable enough, the trend

three years with a 14 per cent. increase for 1975. However, the treatment of start-up costs at security services—taken below the line in both years—is perhaps flatter, and adjusting for the leaves after tax profits virtually unchanged. In the U.K. London Stone suffered a considerable set-back—trading profits down nearly three-quarters—and hospital services' profits were lower, though overall building maintenance ended the year on a strong note and profits are a tenth higher. The overseas contribution to profits rose from 33 to 37 per cent. and all areas apart from Portugal registered an increase, with particularly strong increases in Australia and France. The current year has started well and there are a couple of contracts in the Middle East which could make a significant difference if orders are won. In the meantime, the earnings remain high at probably more than twice shareholders' funds excluding goodwill. At 181p the shares yield 104 per cent. covered 2.7 times on reported earnings.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BOC International Int.	0.75	Oct 7	0.85	2.98	2.92
Burnbank	1.75	—	1.18	2.57	2.38
Capper-Neill	1.287	—	1.38	1.95	1.8
Cashings	1.45	—	1.38	1.95	1.8
W. Duncan & Goodricke	1.30	July 1	1.42	1.72	1.6
Dunhill	4.594	July 29	4.44	7.06	6.44
Feb International	0.75	July 13	0.68	1.43	1.33
Greenall Whitley	1.07	July 31	0.8	2.13	2.13
Philip Hill Trust	3.75	July 19	3.0	3.75	5.0
House Prop. Co. London	1.75	July 1	1.75	1.75	5.88
International Computers Int.	0.65	July 26	1	1	0.65
Jamaica Sugar	1.5(1)	—	N/A	4	N/A
Leeds & Dist. Dyers	0.9	July 1	0.82	2.46	2.46
London & Aberdeen	1.75	July 29	1.55	1.75	1.55
Moxley	0.8	Aug. 6	1.5	3.04	3.04
Monks Inv.	0.8	July 30	0.72	1.15	1.78
Parland Textile	0.53	July 30	0.83	1.77	1.77
Pritchard Services	0.77	July 14	0.67	1.21	1.21
Thames Trust	0.7	July 6	0.7	2.4(1)	2.4(1)

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issues. (a) On capital increased by rights and/or acquisition issues. (b) Gross throughout. (c) Included bonus 0.4p.

indicated that the bottom of the depression had passed and they could look forward to a gradual improvement, particularly for the company's type of tramp shipping.

The two new Govan-built carriers were both trading well, and in the last quarter of this year delivery would be taken of a new Japanese ship which would be on a first-class charter for the next 10 years.

To finance ship purchases and other investment, the directors were negotiating the sale of the older Cape Wrath and expected it would yield a substantial capital profit.

Feb Intl. profits dip to £0.24m.

ON A TURNOVER up from £7.5m. to £9.3m, group pre-tax profit of Feb. International decreased from £283,000 to £240,000 in 1975.

When reporting first-half profit down from £204,000 to £132,000, the chairman, Mr. G. Fisher, said there had been an improvement to a more satisfactory level of profitable trading and, providing that trend continued, profits for the year could be comparable to those of 1974.

Stated earnings per 10p share for 1975 were down from 2.8p to 2.41p. The dividend is raised from 1.33p to 1.43p, the maximum permitted, with a final of 0.75p.

The chairman and his wife have waived their final dividend on 500,000 shares. Cash payable in respect of the final, after the waiver, is £24,325 (£25,000). The company manufactures chemicals and gives devices, and distributes building and plumbing materials, etc.

	1975	1974
External sales	9,278	7,500
Trading profit	240	283
Operating	240	283
Interest payable	240	283
Interest receivable	240	283
Income tax	240	283
Profit before tax	240	283
Taxation	240	283
Net profit	240	283
Dividend	240	283

Included £5,000 prior years.

comment

Feb's pre-tax profits have been on a plateau since 1972 and they look like remaining there in the current year. The 1975 pre-tax level is 121 per cent. lower (before write-offs) and although that reveals a measure of recovery in the second six months the 'builders' merchandising side, which accounts for around 68 per cent. of total turnover, is still depressed. The manufacturing division did manage some improvement in its contribution and is expected to continue moving ahead in the current year as the group concentrates on pushing up exports. However, the immediate chances of any significant improvement in profits look slight and, given that the group is still rather highly geared (the borrowing ratio at the end of 1974 was over 100 per cent. of the "A" shares, which at 14p yield 16.6 per cent. on a p/e of 5.4, is under-standable.

Leeds and District Dyers

Pre-tax profit of Leeds and District Dyers and Finishes increased from £105,460 to £287,549 in the half to March 31, 1976, on a turnover up from £1.72m. to £2.68m. And the directors look forward to a good second half. Profit for the year to September 30, 1975, was £245,353.

The interim dividend is stepped up from 0.810p to 0.900p net per 25p share, and the directors anticipate paying the maximum allowed. Last year's total was 2.453p.

Monks Inv. advance

GROSS REVENUE for the year to April 30, 1976, of Monks Investment Trust slipped from £97m. to £94m., but pre-tax revenue improved from £1.48m. to £1.58m. Earnings are given as 1.17p, against 1.1p per 5p share. The final dividend is 0.5p net for a total of 1.15p compared with 1.07p. The net asset value per share is shown at 61.2p against 52.1p.

Trading from abroad on the yarn side increased and piece branches attracted an increased volume of home trade.

BOOTH

(INTERNATIONAL HOLDINGS) LIMITED

The Directors of BOOTH (INTERNATIONAL HOLDINGS) LTD. announce Group profits of £526,000 for the year ended 31st December 1975 before taxation and extraordinary items. They recommend payment of a Final Dividend of 2.235p per share (1974—1.34p) making a total of 3.575p for the year equivalent with the relevant tax credits to a gross dividend of 5.5p per share (1974—4.06p) which is the maximum permissible under current legislation.

1975 1974

Turnover 18,248 17,268

Profit for the year 607 281

Share of loss of associated company 81 31

Group profit before taxation and extraordinary items 526 250

Taxation 302 149

Extraordinary items 2 7

Profit of the Group available after taxation and extraordinary items 222 94

Cost of dividends 107 80

Earnings per 25p share 7.46p 3.39p

Group profits continued to improve as forecast in our Interim Report, with the exception that losses continued at our associated company in Northern Ireland to which your Board is continuing to give its close attention.

Group exports increased by over 20% in 1975. Turnover in the current year remains good both in our rawstock business and our English tanneries which continue in full production.

A.G.M. Piccadilly Hotel, London W.1

12 noon, 22nd June, 1976

Copies of the Accounts are available from the Secretary, Trust Bridge Centre, 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, 198, 200, 202, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 230, 232, 234, 236, 238, 240, 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 296, 298, 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320, 322, 324, 326, 328, 330, 332, 334, 336, 338, 340, 342, 344, 346, 348, 350, 352, 354, 356, 358, 360, 362, 364, 366, 368, 370, 372, 374, 376, 378, 380, 382, 384, 386, 388, 390, 392, 394, 396, 398, 400, 402, 404, 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, 450, 452, 454, 456, 458, 460, 462, 464, 466, 468, 470, 472, 474, 476, 478, 480, 482, 484, 486, 488, 490, 492, 494, 496, 498, 500, 502, 504, 506, 508, 510, 512, 514, 516, 518, 520, 522, 524, 526, 528, 530, 532, 534, 536, 538, 540, 542, 544, 546, 548, 550, 552, 554, 556, 558, 560, 562, 564, 566, 568, 570, 572, 574, 576, 578, 580, 582, 584, 586, 588, 590, 592, 594, 596, 598, 600, 602, 604, 606, 608, 610, 612, 614, 616, 618, 620, 622, 624, 626, 628, 630, 632, 634, 636, 638, 640, 642, 644, 646, 648, 650, 652, 654, 656, 658, 660, 662, 664, 666, 668, 670, 672, 674, 676, 678, 680, 682, 684, 686, 688, 690, 692, 694, 696, 698, 700, 702, 704, 706, 708, 710, 712, 714, 716, 718, 720, 722, 724, 726, 728, 730, 732, 734, 736, 738, 740, 742, 744, 746, 748, 750, 752, 754, 756, 758, 760, 762, 764, 766, 768, 770, 772, 774, 776,

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MARSHAL'S ADMIRALTY SALE OF THE M/S MANDARINCORE

PRESENTLY LOCATED AT PIER 2C HONOLULU HARBOUR HONOLULU, HAWAII, U.S.A., AS IS, WHERE IS

Sale to be at public auction on June 10, 1976, at 10.00 a.m. at the main entrance of the United States Post Office, Customs House and Federal Court House located at Honolulu, Hawaii. The terms of the sale are ten per cent (10 per cent) of the sale price on the fall of the hammer with the balance due on confirmation of the sale by the court. All sums to be paid by cash or certified or cashier's cheque drawn to the order of the United States Treasurer on any U.S. commercial bank with no other method of payment accepted.

The M/S Mandarincore is a fully refrigerated Israeli flag vessel, Vessel Number M/S-189. She was built by A/S Bergen M/V in March 1968 at Bergen, Norway. She has a dead weight of 9,710/8,420, registered gross of 1,855/5,397, and net of 4,512/3,356 (CSD/OSD), with an overall length of 455 feet 0 inches, a breadth of 65 feet 10 inches and a moulded depth of 41 feet 0 inches. Classed Lloyd's Register of Shipping UMS +100 A1 +LMC +RMC, passed December 1973. Engines are B and W diesel of 11,500 bhp. Speed 19.5 knots loaded. Reefer capacity 415,810 cu. ft. reefer hold.

For information contact:

The United States Marshal for the District of Hawaii
Federal Building, 335 Merchant Street,
Honolulu, Hawaii 96813. Telephone (808) 546-2150

Case, Kay, Clause and Lynch, Attorneys

1100 First Hawaiian Bank Building,
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2663, 2665, 2667, 2669, 2671, 2673, 2675, 2677, 2679, 2681, 2683, 2685, 2687, 2689, 2691, 2693, 2695, 2697, 2699, 2701, 2703, 2705, 2707, 2709, 2711, 2713, 2715, 2717, 2719, 2721, 2723, 2725, 2727, 2729, 2731, 2733, 2735, 2737, 2739, 2741, 2743, 2745, 2747, 2749, 2751, 2753, 2755, 2757, 2759, 2761, 2763, 2765, 2767, 2769, 2771, 2773, 2775, 2777, 2779, 2781, 2783, 2785, 2787, 2789, 2791, 2793, 2795, 2797, 2799, 2801, 2803, 2805, 2807, 2809, 2811, 2813, 2815, 2817, 2819, 2821, 2823, 2825, 2827, 2829, 2831, 2833, 2835, 2837, 2839, 2841, 2843, 2845, 2847, 2849, 2851, 2853, 2855, 2857, 2859, 2861, 2863, 2865, 2867, 2869, 2871, 2873, 2875, 2877, 2879, 2881, 2883, 2885, 2887, 2889, 2891, 2893, 2895, 2897, 2899, 2901, 2903, 2905, 2907, 2909, 2911, 2913, 2915, 2917, 2919, 2921, 2923, 2925, 2927, 2929, 2931, 2933, 2935, 2937, 2939, 2941, 2943, 2945, 2947, 2949, 2951, 2953, 2955, 2957, 2959, 2961, 2963, 2965, 2967, 2969, 2971, 2973, 2975, 2977, 2979, 2981, 2983, 2985, 2987, 2989, 2991, 2993, 2995, 2997, 2999, 3001, 3003, 3005, 3007, 3009, 3011, 3013, 3015, 3017, 3019, 3021, 3023, 3025, 3027, 3029, 3031, 3033, 3035, 3037, 3039, 3041, 3043, 3045, 3047, 3049, 3051, 3053, 3055, 3057, 3059, 3061, 3063, 3065, 3067, 3069, 3071, 3073, 3075, 3077, 3079, 3081, 3083, 3085, 3087, 3089, 3091, 3093, 3095, 3097, 3099, 3101, 3103, 3105, 3107, 3109, 3111, 3113, 3115, 3117, 3119, 3121, 3123, 3125, 3127, 3129, 3131, 3133, 3135, 3137, 3139, 3141, 3143, 3145, 3147, 3149, 3151, 3153, 3155, 3157, 3159, 3161, 3163, 3165, 3167, 3169, 3171, 3173, 3175, 3177, 3179, 3181, 3183, 3185, 3187, 3189, 3191, 3193, 3195, 3197, 3199, 3201, 3203, 3205, 3207, 3209, 3211, 3213, 3215, 3217, 3219, 3221, 3223, 3225, 3227, 3229, 3231, 3233, 3235, 3237, 3239, 3241, 3243, 3245, 3247, 3249, 3251, 3253, 3255, 3257, 3259, 3261, 3263, 3265, 3267, 3269, 32

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The Arab Bank has branches in Abu Dhabi, Ajman, Bahrain, Dubai, Gaza, Jordan, Lebanon, Oman, Qatar, Ras Alkhaimah, Saudi Arabia, Sharjah, Tunisia, Yemen Arab Republic

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General Management: Amman, Jordan
Established 1930

Capital & Reserves 20,000,000 Jordan Dinars
Deposits 471,861,434 Jordan Dinars
Total Assets 853,467,396 Jordan Dinars
As at December 31st 1975
One Jordan Dinar (JD) = U.S. \$3.03 approx.

ARAB BANK LIMITED

Empire House, St. Martin's le Grand
London EC1P 1DR

Telephone 01-606 7801 Telex 887119
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artists' materials

Extracts from the statement by the Chairman, Mr. Robert V. Kennedy, presented at the Annual General Meeting held on 26th May, 1976.

	1975	1974
Turnover	£8,042,000	£6,446,000
Export Sales	£3,175,000	£2,314,000
Pre Tax Profit	£912,000	£821,000
Earnings per Share	19.8p	12.7p
Dividend	28.06%	26.3%

BONUS ISSUE
Bringing the Share Capital more nearly into line with capital employed, it was decided to make a Bonus Issue of one fully paid ordinary share of 25p for each one now held. The Issued Share capital now amounts to £1,464,000.

LYND COLOURS
A new range of artists' quality colours using a selected synthetic medium will be introduced on the 1st June. It has been enthusiastically received at pre-launch demonstrations.

OUTLOOK
For the first quarter are higher in both price and volume than in the first quarter of 1975. Considerable sums are being spent in the U.K. market and the Company's presence in the U.K. market with a very strong and overseas directors look forward with confidence to the successful future of the Company.



Winsor & Newton
A little part of every great talent

Low interest import finance

Hodson Lynch specialises in arranging import finance throughout the world. As an example, U.K. importers of American goods or services can now take advantage of our exclusive low interest U.S. Dollar loan Plan. Very substantial savings can be realised. (A typical arrangement would allow a saving of £250,000 on a 5 year 1 million loan). Finance is provided by leading U.S. banks and secured by a U.S.

MINING NEWS

\$130m. go-ahead for Tara

By KENNETH MARSTON, MINING EDITOR

FULL financing has been arranged for Tara Exploration's \$130m. zinc-lead mine at Navan in County Meath. Loans arranged for the Irish project, on which \$70m. has been already spent, include \$100m. from a consortium of Irish and North American banks and \$30m. from the Export Development Corporation of Canada.

The balance of the money was previously provided by Tara Exploration in equity funds and subordinated loans. There is also to be a standby bank facility of \$15m. which will be advanced in the event of cost overruns. All the loans are guaranteed by Tara Exploration. The mine is expected to start production in March-April 1977. Destined to be the sixth largest zinc-lead producer in the world, it will have an annual capacity of 300,000 tons of concentrate which will be shipped to European smelters under contracts which provide for a diversion of zinc concentrates to an Irish refinery.

A question of profits and metal prices

THE president of Canada's Sheritt Gordon Mines, Mr. David Thomas, makes the point that operating at a loss in the March quarter 1975 and 1976 and earning significant book profits were earned by the company in 1973 and 1974 as a result of increased prices for copper and zinc. He adds that the company's profits would have been significantly lower if capital write-offs had been based on the current replacement value of mine assets. He adds that "without reasonable profits, shareholders get no return on their equity and industry has no funds for investment for future development. The message is clearly intended for Canada's fiscal authorities, but it is yet another pointer to the fact that base metal prices were rising and falling in a volatile market, notably the Irish Government's procrastination in granting a mining lease, dashed hopes of a mining operation which would begin in late 1975. Inevitably, the delays during a period of world inflation have increased the cost of the project. But there is the hope that this will be compensated for by the current revival in base-metal prices which bode to be above current levels when Navan starts production in 1977. Tara Exploration shares were 12½ yesterday.

RIO TINTO-ZINC

At yesterday's meeting proposals were approved regarding Rio Tinto-Zinc's ordinary and accumulating shares. The principal effect of them will be to allow conversions between ordinary and accumulating shares at any time except during the interval between the record date for a dividend payment or capitalisation issue and the date of such payment or issue.

NRD'S BROKEN MINING HOPES

AN annual report of Canada's NRD Mining tells a sorry story. After an unequal struggle with rising costs and decreasing reserves, the operations in Honduras were closed down in December while the lack of success in exploratory has been reflected in a termination of the Arizona, British Columbia, Yukon and Quebec prospects.

As a result NRD has made a net loss of \$897,634 (£488,000) compared with a profit of \$40,942 in 1975.

BID FOR BOLANDS UNCONDITIONAL

The Barrow-2211 bid for Bolands has received acceptance for 701,210 Ordinary stock and \$278,000 Preference stock. Allied Irish Nominees on May 26 purchased on behalf of Barrow 40,882 Bolands Ordinary at 40p, and also 1,088,350 Ordinary at 46p, together with \$3,983 Preference at 75p. These purchases, together with others previously made and acceptances received, total over 30 per cent.

The offer is now declared unconditional. The revised price of 46p will be available to shareholders who have already accepted, and also those who have not yet accepted.

WARDLEY VICKERS

Wardley has agreed terms for the acquisition of the 40 per cent stake owned by Vickers de Costa

TANJONG TIN'S 1976 OUTLOOK

Although Tanjong Tin's production of tin concentrates for the past four months amounts to only 941 tonnes compared with 126 tonnes at this time last year, the company's earnings for 1976 are "reasonably favourable" for the single-dredge operation.

The chairman, Mr. J. T. Chappel, points out that after the first four months of last year the dredge ran into low grade ground and, as a result, total output for 1975 fell to 2673 tonnes compared with 3361 tonnes in 1974. This year, however, the dredge has encountered better values although variations in monthly outputs are likely.

The other helpful factor from an earnings standpoint is the rise in the Penang tin price which has been running at an average of over \$31,000 per picul so far this year compared with 1975 average of \$29,964. Tanjong were 47p yesterday.

SUN LIFE-ARTAGEN

Cazenove on May 25 purchased on behalf of Sun Life Assurance \$30,000 Artagen at an average price of \$3.71p per share.

Acceptances to the offer by Sun Life amount to 16,982 Artagen shares. Sun Life held 33.35 per cent of the issued share capital before the offer period.

NO PROBES

On present information, the following proposed mergers are not to be referred to the Monopolies and Mergers Commission: Sun Life Assurance Society—Artagen Properties, and Lazard Bros. and Co.—Slater Walker (Jersey), and the international reinsurance interests of Norwich Union Fire Insurance Society and Winterthur Swiss Insurance.

COMPANY NEWS

More new openings planned by BHS

PLANS AND negotiations to maintain the physical expansion of British Home Stores' chain of outlets are continuing despite economic difficulties and uncertainties. A large new store is planned for the year ahead, he adds.

Steady progress has been made on the development programme. At the end of April, 1976, the company had 38 stores operating and 13 more planned. Another delayed replacement was finally opened this month at Hanley with new stores at Stevenage, Wandsworth and Colchester coming into operation in the near future.

Next year major stores will open at Leeds and Dublin and the year after at Bromley, Barnsley and Dundee. There are advanced plans for a large new store in Kensington, London.

At April 3 outstanding capital commitments stood at some £19.8m. (£21m. and further authorisations totalled £3.8m. (£5.8m.).

Sir Mark says encouraging progress has been made in that Savoy Centre has firm plans for opening its first hypermarket at Washington near Sunderland. In the year ended April 3, 1976, group sales came to £210.63m. (£161.78m. previous 32 weeks) and profit before tax was £21.91m. (£16.1m.). The directors' remuneration for the year ended April 3, 1976, was £1,353,119 (£1,353,119) and there is proposed a 1-for-1 scrip issue, as reported on May 4.

The £1.45m. is a 24.2m. provision for sterling exchange losses on the \$US25m. loan raised in 1974. The directors consider it would be imprudent to risk a further deterioration in the value of sterling and intend to repay the loan in the immediate future. It seems probable that the exchange loss together with amounts payable for early withdrawal will be in the region of the £2.2m. provided.

As a result the company's cash resources will be reduced by almost the amount raised by the November rights issue but further loans and borrowing facilities are being arranged to ensure there will be no slowing down of development.

Meeting, 124-137, Marylebone Road, N.W.1 at 11.30 a.m. Sir Jack Callard, formerly head of ICI, will take over the chair from Sir Mark, who is retiring from the Board.

Sharp fall at Craig & Rose
Paint manufacturers, Craig & Rose, announces that although turnover improved from £1.67m. to £2.06m. in 1975 profit before tax fell sharply from £245,287 to £149,945.

The Tate and Lyle sugar group, in its first major commercial move into the sweeteners market, has made a £12.5m. investment in starch derivatives industry in Belgium and the U.K.

It has acquired a one-third stake in two companies from joint American and Luxembourg interests. The first, Tunnel Refineries, is an unquoted U.K. company and is a spokesman yesterday and will form a base from which Tate and Lyle will be able to trade and expand profitably in the future.

Barker and Dobson has also sold its remaining wholesaling interest in Edward McGregor, for £174,500 in cash.

Barker's preliminary results are expected in about a month's time and meanwhile a meeting of Loan for London City and West End Properties, Mr. R. W. "Tiny" Rowland will become chairman.

Mr. Michael Pickard, present L.C. and W. chairman, gives this information in a letter to shareholders following the purchase by L.C. and W. of a 29.3 per cent interest, mainly from Sentinel Insurance, in National Insurance and Guarantee Corporation, and the liquidator of Israel-British Bank (London).

Mr. Pickard and Mr. J. A. Leek of Hill Samuel, who both joined the Board last year, will be leaving. As well as Mr. Rowland, Mr. P. A. Butcher and Mr. P. M. Marsh of L.C. and W. will join the L.C. and W. Board, as will Mr. Colin Bray and a nominee of Keyser Ullmann. L.C. and W. financial advisers, who will also act for and on behalf of L.C. and W.

This Board representation and the switch from Hill Samuel to Keyser Ullmann as advisers were, Mr. Pickard writes, preconditions for L.C. and W. buying the stake. In considering them, L.C. and W. considered the expected advantage to shareholders of L.C. and W. investment—it also appreciated that the cash received by the vendors would accelerate repayments to creditors of Israel-British Bank, among them L.C. and W. (it is owed £2.8m.).

Mr. Pickard states that some assurances from L.C. and W. were asked for and given. L.C. and W. support the existing policy of realising residential properties, is prepared to help fund expansion, and will continue to help with connections help with L.C. and W.'s major Paris investment (the largely unlet Paris Nord Business Centre).

Since September 1975, Mr. Pickard states, liquidity has been further improved by completing or exchanging contracts of sales of £4.4m. at marginally above book value.

BARKER & DOBSON SALES
In a major re-organisation move, Barker and Dobson, the selling sweet manufacturer and retail grocer, is to dispose of more than half of its loss-making chain of Oakeshott's shops. For the year ended September, Oakeshott's chalked up a loss of £395,000 out of a total group loss of £1.2m.

Of the 67 shops up for sale, 28 of those not under offer by June 30 will be closed on that date. The remaining 39 shops, situated in London and the Home Counties, are "mainly profitable" according to a spokesman yesterday and will form a base from which Barker and Dobson will be able to trade and expand profitably in the future.

LONRHO FINANCE FOR L.C. & W.
Lonrho is prepared to provide funds, at the appropriate time, for the development and expansion of L.C. and W. City and West End Properties, Mr. R. W. "Tiny" Rowland will become chairman.

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Jamaica Sugar tops £0.51m.

COMPARED WITH an unaudited pre-tax figure of more than £350,000 announced in January, profit of Jamaica Sugar Estates for the year to September 30, 1975, turns out to be £511,334, well ahead of the £35,345 in the previous year.

And, as forecast, the final dividend per 25p share is 15p gross, for a 4p total—the previous year's payment was 12.5p for 1963-64. In his annual statement, the chairman, Mr. C. L. Venderley, says it is difficult for any agricultural enterprise to forecast results for any financial year while a considerable percentage of its crops remains to be reaped.

However, the group's cultivation looks good and climate conditions in date are helping to repair the setback caused by the 1975 drought.

Pre-tax profit £511,334
Tax £14,000
Net profit £497,334
Dividend 15p
Total £612,334

Meeting Page 22

Secs. Trust of Scotland switch

The directors of Securities Trust of Scotland expect to see sufficiently increased revenue in the current year to cover the 4.8p dividend paid for the year ended March 31, 1976. In that year revenue available for the ordinary dividend fell from £1,07m. to £834m.

The reason for the decline was the switching of cash on deposit into shares, where the yields are very much less. At the year end cash on deposit had been reduced by £8m. to £2.5m.

Justifying this move, the directors say that world economies are showing a recovery trend and there does appear to be an improving prospect which, together with reducing inflation, should lead to greater company profitability.

The major proportion of the overseas currency held by the company has been invested, by a significant part in Japan. In their U.K. purchases the directors are continuing to orient towards those stocks with a high overseas earnings element.

At March 31, 64.3 per cent of the portfolio was in the U.K., 27.8 per cent in the U.S. and Canada.

As a non-executive director, it is to be succeeded as chairman by Mr. Peter Robinson, the managing director, who will also be chief executive.

ALFRED CLOUGH LIMITED

FINAL STATEMENT

	6th Jan 1975 to 1st Feb. 1976 (13 months)	1st Jan. 1975 to 5th Jan. 1975 (12 months)
Turnover (excluding inter-group sales)	7,991,285	5,601,232
Export sales to some 44 countries (included in above figure of Turnover)	3,364,964	2,927,697
Group profit before Taxation (see Note)	171,675	292,215
Less Taxation on profit for the period	62,646	120,292
Group profit after Taxation	109,029	172,923
Less Profit attributable to minority interests	906	—
Revenue Reserves brought forward	108,121	172,013
.....	519,403	386,666
Less Preference dividend paid ...	5,762	5,670
Interim Ordinary dividend of 1.950 pence (1975/1976 pence) per share paid 16 October 1975	28,763	24,706
Second Interim Ordinary dividend of 1.300 pence (1975/1976 pence) per share paid 22 March 1976	19,175	6,895
.....	53,700	39,271
Balance which the Directors recommend be carried forward	573,229	519,438

Note
After crediting claims for additional costs incurred including exceptional repairs and re-instatement and for loss of profits as a result of damage to a factory

£290,354 £110,262

As against a profit before taxation of £153,415 for the 115 working days in the first half of the year against £108,752 for the 118 working days in the corresponding first half of the year in 1974, the thirteen months trading ended 1st February, 1976, whilst showing an increased turnover of £3 million compared with £5.6 million for the twelve months ended 31 January, 1975—an increase of £2.4 million, equivalent to 43%—proved to be unexpectedly disappointing due to:

i. The fairly recent economic changes that now largely negative the former advantages of planned short-time working which formerly could secure decreased costs. We now experience such a heavy fixed cost content as to render the former practice of short-time working uneconomic and unprofitable.

ii. The larger than expected costs of raw materials in the last seven months which the price increase of 10% on our sales made at 1st July, 1975 failed to cover.

A price increase of 12½% came into effect in our earthenware division on 1st April, 1976 and we can look forward to this current financial year benefiting from all earthenware finished stocks and work-in-progress—excluding that under former negotiated contracts—which was sold at 1st April, 1976.

On 29th April, 1976, I signed the formal claim for £458,971—plus interest at the rate charged to the company by our Bankers thereon—which has been carefully prepared with the assistance of our professional advisers. Talks with the Loss Adjusters acting for the insurers of the two Defendants who are checking our claim have already started.

Our turnover continues to increase and the sales of our pottery factories for the first quarter ended 30th April, 1976 were £2.3 million as against £1.77 million for the corresponding three months of 1975. The Annual General Meeting will be held on 21st July, 1976 at the North Stafford Hotel, Stoke-on-Trent, at 12 o'clock noon.

E. H. MARLEY, Chairman.

NIESR REVIEW FORECASTS IMPROVED BALANCE OF PAYMENTS

Fall in pound 'will aid growth but speed inflation'

BY ANTHONY HARRIS

THE DECLINE of sterling, now a level which discounts expected increases in U.K. costs to about next spring, will improve growth and the balance of payments but worsen inflation and reduce real consumer incomes in the U.K., according to the National Institute of Economic and Social Research.

In its May Review, published today, the institute forecasts K. growth of 3.4 per cent. this year and 3 per cent. next year, higher than its previous forecasts.

However, this growth is attributed entirely to an improving balance of payments, which could reach about the level of next year, and some building of stocks, together with the beginning of a revival in manufacturing investment and consumer spending, after growth of 0.4 per cent. this year, is expected to fall back in 1977, in all terms to its level last year.

The institute expects more "slippage" under the 44 per cent. pay agreement, which is expected to continue, citing the relatively weak export orders reported by the engineering industry as evidence. Exports are forecast to remain at about their present volume for the next 12 months, but to grow by 1.1 per cent. both in 1976 and 1977.

Trade balance

The outlook for the balance of payments, though broadly similar in terms of the balance to many other forecasts, is based on considerably lower growth rates both for exports and for imports than other predictions, notably that of the Treasury.

The Review says that the rapid volume growth of exports in recent months has been due to identifiable special factors, and cannot be expected to continue, citing the relatively weak export orders reported by the engineering industry as evidence. Exports are forecast to remain at about their present volume for the next 12 months, but to grow by 1.1 per cent. both in 1976 and 1977.

Forecast

Its latest figures are also more, but not dramatically so, than the inflation rates implied by the recent admission by Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, at the House of Commons, that the Government's anti-inflation programme about two months behind schedule.

The institute's forecast is that the end of this year prices will be 14.6 per cent. higher than the end of last year, which implies some acceleration in the underlying rate of inflation in the second half of this year, as higher import prices work through to the consumer market.

This compares with an original target of just under 10 per cent. modified in the Chancellor's Budget speech to an initial 12 per cent., and now said to be further behind schedule.

For 1977, the institute forecasts a price increase of 8.6 per cent., fourth quarter to fourth quarter, compared with an official target of about 7 per cent.

This implies a sharp drop in real incomes in spite of the forecast that earnings will rise about 8.4 per cent. under the new policy, compared with the Treasury estimate of 6.4 per cent. Real incomes are forecast to fall

as for 1975 (and in line with the more pessimistic Whitehall forecasts). For 1977 the gap should narrow to 2.0 per cent. for the year as a whole, with a steady improvement through the year, narrowing balance by the end of the year.

A striking feature of this forecast is that the depreciation of sterling could have a dramatic impact on the import of consumer goods. In sharp contrast to some other forecasts—namely the Cambridge Economic Policy Group and the TUC—the National Institute expects that the depreciation of sterling will reduce the volume of imports by as much as 12 per cent. below the level which past calculations would suggest by the end of 1977.

Main source

This implies that import substitution as well as exports will be the main source of output growth in the U.K. during the next two years.

If the current account develops according to forecast, the institute believes that the

Liquidity

It might therefore be necessary to reduce bank liquidity through a call for special deposits, but this would not imply any need to restrain private lending, which is seen as growing at a modest pace.

Given the subdued forecast for growth, it is not surprising that the National Institute remains gloomy about the prospect for employment. The May forecast, though less depressing than the one published in February, still looks for an unemployment level of 12.4 per cent. at the end of 1977, falling only to 10.5 per cent. by the end of 1977.

facturing private industry.

But both remain far below their 1974 levels even at the end of 1977, while cuts in public sector investment and North Sea development, together with a very sluggish housing picture (with a private sector recovery barely doing more than make good the cuts in public sector house building) there is little change seen overall.

The predictions clearly imply a sharp recovery in profits, though no figures are given. The Review remarks that there is clearly scope for an improvement in profit margins, as export growth and import substitution enable industry to achieve a better level of capacity utilisation.

The public sector, on the other hand, is shown as making little progress with its deficit. The

MONEY STOCK, PUBLIC SECTOR BORROWING REQUIREMENT AND BANK LENDING

Change in money stock M3 (per cent change)	Public sector borrowing requirement	Net acquisition of public sector debt		Changes in financial assets and liabilities of the banking sector			
		By UK residents (non-bank)	By overseas sector	Lending to	Net deposits of UK residents	Net other liabilities	
		Currency	Other	Public sector	Private sector	Transfers	Valuation changes
1974	4,221 (12.6)	6,356	1,490	709	3,456	4,671	3,512
1975	2,871 (7.4)	10,464	694	796	5,544	3,408	378
Forecast	6,020 (14.8)	11,700	2,000	700	4,360	2,880	360
1976	4,370 (12.7)	10,600	800	510	5,280	3,620	130
1977							

Source: NIESR Review.

SECTOR BALANCES

	1974	1975	1976	1977
Public	-5.4	-8.2	-9.5	-9.0
Non-financial companies	-3.2	-0.3	-1.5	-1.2
Financial companies	-0.4	-0.3	-0.3	-0.3
Personal	-4.8	-6.2	-5.7	-5.4
Overseas	+3.7	+1.7	+1.7	+0.9
Residual error	-0.5	-0.9	-0.9	-0.8

Source: NIESR Review.

Cammell Laird may lay off more men

BY OUR LABOUR STAFF

REPRESENTATIVES of management and shop stewards from Cammell Laird Shipbuilders of Birkenhead travelled to Largs, Ayrshire, yesterday to hold talks with national officers of the Boilermakers' Amalgamation on a dispute at the company's yard which has led to the dismissal of 95 scaffolders and the laying-off of 400 boilermakers.

The company said last night that if no agreement was reached there would be further lay-offs to-morrow. The boilermakers have been in conference at Largs all week.

Meanwhile, Mr. Eric Varley, Secretary for Industry, yesterday denied union claims that he had blocked a bid by Bristol Channel Shipbuilders to re-open Greenwell dry dock on Worside.

He informed Mr. Harry Wilkinson, Sunderland district officer of the Amalgamated Union of Engineering Workers, that he was "very pleased" at Bristol Channel's interest in the yard and said his department was co-operating with the company by supplying information needed for a sound commercial decision.

Earlier this week Mr. Wilkinson said engineers on Worside would take industrial action and disaffiliate from the Labour Party if the Government did not end its obstruction of the Bristol Channel take-over bid.

Plessey group to make video system for RCA

PLESSEY has signed a seven year licence agreement with the RCA Corporation under which the Plessey Consumer Electronics subsidiary will manufacture and market players for the RCA Selection videodisc system.

The system which uses a special 12 inch vinyl record—similar in appearance to an LP—carries both audio and video signals. These are played on a unit similar to a conventional record player which transmits via a cable connection to a normal television set.

THE BALANCE OF PAYMENTS (ON CURRENT ACCOUNT), GDP, AND CONSUMERS' EXPENDITURE

	1975				1976				1977			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Values (£m.)	(Forecast)											
Visible balance	-3,200	-3,280	-3,010	-986	-683	-438	-787	-1,019	-836	-811	-772	-755
Balance of invisible	+1,498	+1,628	+2,109	-361	-377	-360	-404	-421	-443	-455	-500	-555
Current balance	-1,702	-1,652	-901	-625	-304	-78	-583	-598	-393	-256	-272	-300
Effective exchange rate 18 December 1971=100	74.3	64.5	59.9	72.5	70.5	68.6	63.5	63.0	63.0	61.8	60.5	59.2
Terms of trade, goods (1970=100)	84.2	83.4	83.1	87.9	87.9	87.5	89.8	81.9	84.1	84.2	83.6	82.6
GDP (1974=100)	101.8	105.2	107.6	108.8	102.1	104.5	105.1	105.7	105.5	104.5	107.1	108.7
Consumers' expenditure (1974=100)	99.8	100.2	99.8	98.4	99.3	100.3	100.0	100.4	100.2	100.2	99.9	99.6

Source: NIESR Review.

U.S. growth

In the U.S., growth, which is put at 6.5 per cent. in real terms this year, is expected to fall back to 4.5 per cent. in 1977 (still a little higher than some U.S. forecasters, including the Economic Committee of Congress, expect).

Growth rates in France and Germany are seen as little changed, at 5 per cent. or little more in both years, but some acceleration is forecast for Japan (rising from 5 to 7 per cent.), Canada, Norway, Spain and a number of smaller countries, and the 1977 growth forecast for Italy has been raised to 2.5 per cent.

The Review also contains a check of the forecasting record of the OECD and of the institute itself against actual economic growth and trade statistics for 1975.

It shows both in a relatively poor light, though the National Institute did forecast some actual fall in output in the area as a whole last year, while the OECD expected some growth.

Output actually fell by 1.4 per cent. Trade forecasts proved more accurate in growth terms than total growth forecasts, but balance of payments forecasts were wildly out.

The developed countries

FOR THE DEVELOPED world outside the U.K., the National Institute forecasts real growth of about 5 per cent. for this year and next, on a slightly weakening trend—broadly in line with other forecasts, though at the low end of the range.

However, high inflation rates and high unemployment are expected to prove persistent problems in nearly all major countries, as in the U.K., and the

deficit can be financed by private and official market borrowing, without further recourse to the IMF or to friendly central banks.

But since the inflation forecast implies some further depreciation of sterling, foreign funds can only be attracted if the authorities are willing to maintain an adequate margin for U.K. interest rates over those ruling in New York.

If this policy is followed, U.K. short-term interest rates would be expected to rise by about 2 per cent., during 1976 (largely achieved by now) and a further 1 per cent. in 1977. This would

The Review remarks that there is still evidence of substantial labour hoarding in industry, some of it officially encouraged through the Temporary Employment Subsidy, and adds that with two years of falling productivity, there is clearly scope for catching up.

The forecast for investment shows little recovery next year in total from the low levels reached this year. Manufacturing investment is shown as recovering quite sharply through 1977, after falling still further this year, with a somewhat slower recovery by non-manu-

New energy sources may hold key to Western trade prospects

BY MALCOLM RUTHERFORD

IF TERMS of trade for the industrialised countries are to worsen in the next 10 years, but the extent to which it happens will depend on developments in oil prices after 1980.

That is the main conclusion of the Review's chapter on "Primary Products: Prospects to 1985" by Mr. G. S. Ray.

Mr. Ray argues that the present situation in oil and energy markets is likely to remain unchanged for another three years. By the late 1980s, however, oil from Alaska and the North Sea will be reaching the market in sufficient quantities to reduce significantly demand for oil from OPEC. It is also possible that by then strength of the OPEC cartel

will have been gradually weakened by the more advanced members (Iran, Algeria, Nigeria and perhaps Iraq) ready to raise production in order to maintain or increase revenues.

This could lead to the decisive period coming in the early 1980s when it will become clear how successful the industrialised world has been in developing alternative energy supplies.

If successful, Mr. Ray says the relative price of oil will fall. Even an absolute fall is not out of the question. On the other hand, if it emerges that the world has to continue to rely mainly on oil—and therefore on OPEC—oil prices will start to rise again ahead of other prices.

Mr. Ray assumes that the

actual price of crude will be 25 per cent. higher in 1980 than in 1975. If it then continues unchanged until 1985, this will represent a considerable fall in real terms.

On this basis, prices for agricultural products are likely to be 30-35 per cent. higher in 1980 than in 1975, and minerals 45-50 per cent. higher.

By 1985, on the assumption of oil price stability, agricultural prices are estimated to be 75-80 per cent. higher than in 1975, and metal prices just over twice as high.

The assumption for the rise in the price of manufactured goods between 1975 and 1985 is 5 per cent. a year, which equals 63 per cent. over the 10-year period.

If the assumption about oil price stability is wrong and oil prices again advance between 1980 and 1985, prices would rise right across the board and the increase in primary product prices relative to manufactures would be rather greater. This is because of the high energy content of agricultural and metal products.

Either way, however, the outcome, according to Mr. Ray, is for a "worsening of the terms of trade for the industrialised countries and an improving trend for primary producers."

Mr. Ray does not believe there will be any shortage of any natural resource in the ten-year period, but there are attendant dangers in the lack of investment and an inadequacy of productive equipment to turn known reserves into available supplies. These two factors could lead to shortages in the mid-1980s.

On metals and minerals, he notes that hardly any major investment has been started in recent years. High existing

stocks and excess capacity may secure the necessary supplies into the early 1980s, but there could be a metal scarcity around 1985. This would be probably most acute for copper.

The lack of investment is most marked in the developing countries because the major mining companies are deterred by threats of nationalisation and pressure from host governments for high participation and taxation.

Mr. Ray suggests that unless some satisfactory method of guarantee can be worked out in international negotiations, "expansion of the natural resource base will be hampered in virtually the whole of the third world and also in some of the developed countries, although this expansion will become very necessary in the next decade."

Turning to agriculture, world demand for food is seen as rising only fractionally faster than in the past. The Third World is also devoting more emphasis to agriculture in its development plans.

Here too, however, there is an investment problem and the problem of the time lag before investment pays off. Agricultural programmes, for example, require not only equipment but also irrigation systems. If investment capital is not channelled into these sectors, there could be severe shortages before the end of this century.

After the "green revolution" of recent years, Mr. Ray says it is difficult to foresee any further technological development which would fully offset the accompanying cost-raising effects caused by such factors as the need for more fertilisers, equipment and energy.

All these special factors work in the direction of higher prices.

CHANGES IN THE PRICES OF PRIMARY PRODUCERS' COMMODITY EXPORTS

	1974 IV				1975 II				1976 II				1977 II			
	Peak	Trough	1975 II	1976 II	1977 II	1978 II	1979 II	1980 II	1981 II	1982 II	1983 II	1984 II	1985 II	1986 II	1987 II	1988 II
Per cent change																
1972 to peak	+133	-100	+102	+92												
Peak to trough	-28	-30	-23	-18												
Trough to April 1976	+15	-17	+8	+14												
April 1976 to 1977 IV (forecast)	+10	-18	+33	+17												

Source: NIESR Review. (a) In terms of "new" SDRs.

(a) Key: NIESR: the current forecast. FINSTAT: The Treasury forecast accompanying the Budget HMSO. LBS: London Business School forecast. LBS: London Business School forecast.

(b) NIESR estimates include mining and quarrying and steel in private investment.

(c) The NIESR and FINSTAT forecasts are based on "compromise" estimates of GDP, whereas LBS use the output based estimate. The NIESR and FINSTAT figures for stockbuilding include the discrepancy between their "compromise" estimates of GDP and the expenditure estimate, and LBS figures include the discrepancy between the output and expenditure estimates.

(d) NIESR Review.

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ITALSIDER IN 1975

The Annual General Meeting of Shareholders in ITALSIDER was held in Genoa on 29th April 1976. The Meeting approved the Reports of the Board of Directors and the Board of Auditors as well as the Balance Sheet, and Profit and Loss Account as at 31st December 1975.

In 1975 ITALSIDER produced 9,795,000 tonnes of cast iron (-2.1 per cent in comparison to 1974), 10,438,000 of steel (-4.8 per cent), 7,791,000 of hot-rolled sections (-11.5 per cent), 1,812,000 of cold-rolled sections (-14.4 per cent), 356,000 of tin and galvanised sheet iron (-23.2 per cent), 920,000 of welded pipes (+6 per cent) and 375,000 tonnes of other special products (-9 per cent). Such a reduction of productivity, obtained by both stopping the plants and reducing the working shifts, appears for the Company even more serious if the increased plant capacities are taken into account.

To face up to the strong drop in demand on the home market, the Company has concentrated in particular on exports, succeeding in achieving, in spite of a difficult international situation, export sales for 3.1 million tonnes of iron and steel products, representing about 37 per cent of quantity and 43 per cent of value of total sales. The turnover of the Company, in spite of the reduced overall shipments and the drop of rolled sections prices, reached Lit. 1,841.8 milliard, an increase of 4 per cent. These results were obtained owing to increased quantity of higher quality products as well as to a great number of export orders concluded at still satisfactory prices and that had piled up during 1974.

At the end of the financial year under review, the Company which at 31st December last numbered 52,221 employees, registered an overall labour cost of Lit. 403.9 milliard, an increase of 57.9 milliard in comparison to the previous year. The average prices of minerals and coal increased by some 50 per cent.

The Meeting of ITALSIDER appointed by acclamation the Company's Directors for the three-year period 1976-1978 as follows: Dr. Romolo Arena, Dr. Alberto Capanna, Ing. Agostino Capocaccia, Prof. Salvatore Cattaneo, Ing. Duilio Colombo, Ing. Giovanni Mario Costa, Dr. Sanzio Dainotti, Avv. Mario Dosi, Avv. Mario Galiano, Prof. Salvatore Guidotti, Prof. Ernesto Manuelli, Ing. Mario Marchesi, Dr. Luigi Micchi, Ing. Salvatore Picciarelli, Dr. Luigi Pittaluga, Ing. Licio Quarantini, Dr. Enrico Redaelli Spreafico, Dr. Massimo Rizzo, Rag. Arturo Ruffo, Dr. Franco Viezzoli.

The Board of Directors then met and confirmed Dr. Enrico Redaelli Spreafico as President, and appointed Dr. Alberto Capanna as Vice-President. Dr. Luigi Pittaluga was confirmed in his office of Managing Director. Dr. Emilio Podestà, the Vice-Director General of the Company, was appointed Secretary of the Board.

HOME CONTRACTS

Selleck to build homes in Lambeth

SELLECK NICHOLLS WILLIAMS (E.C.C.), St. Austell, Cornwall, the building division of the English China Clays Group, has received a £3.2m. contract from the London Borough of Lambeth to build 318 dwellings on a 3.7 hectare site in the Myatts Fields South area of the Borough. The development will be one of the first major schemes in the GLC area using timber frame construction. A total of 1,144 people will be accommodated in two-person to seven-person dwellings. Specially-designed homes for the disabled are included. The estate will be district heated from a central boilerhouse also serving a number of adjacent developments. Pipework from the boilerhouse will enable radiators to be provided in the new dwellings.

* WATHER AND PLATT has won a contract worth more than £350,000 to equip a new pumping station at West Stockwith, at the confluence of the Rivers Idle and Trent, near Wetherby, Nottinghamshire, for the Severn/Trent Water Authority's River Idle flood relief and land drainage improvement scheme. The new installation will be capable of pumping 675m. imp.gal./day from the Idle to the Trent.

* N. G. BAILEY AND CO. (Birmingham branch) has been awarded a contract worth more than £200,000 for the complete electrical installation at a new 18-storey office block and multi-storey car park at The Butts, Coventry.

* HEAD WRIGHTSON MACHINE COMPANY is to supply equipment for galvanising steel tube used for water, gas and steam to the Corby works of the British Steel Corporation under a contract worth about £220,000.

* THOMAS RYDER AND SON, Bolton, has received an order worth £400,000 for an advanced technology machining system to be installed at the GEC Machines factory at Rugby for the manufacture of a range of large generator and alternator components.

CHANGES TO THE INDIAN CONSTITUTION

Mrs. Gandhi allows debate

BY A SPECIAL CORRESPONDENT

MRS. INDIRA GANDHI has allowed uninhibited public debate of proposed changes in the Indian constitution. Since April 14, when a committee of the ruling Congress party presented "tentative proposals" for changes, a countrywide debate has been encouraged.

Temporarily freed from restrictions placed on them under the emergency laws, jurists, journalists and politicians have taken advantage of the Prime Minister's promise that the committee's proposals will be allowed to be freely discussed. The proposals seek to establish the supremacy of Parliament, cut the powers of the judiciary on some key subjects, and strengthen the influence of the Central Government over law and order in the individual states.

The debate is now almost over and the recently published final report of the committee, headed by the former Defence Minister, Mr. Swaran Singh, will be taken up by the All India Congress Committee (AICC), the party's supreme decision-making body, at a meeting in New Delhi on May 28 and 29 for final consideration. After that, the Congress Parliamentary Party, which has the two-thirds majority in the two Houses of Parliament needed to amend the constitution, will ensure that the AICC's decisions are put into effect. A special session of Parliament is expected to be held in autumn after the monsoon.

Moderate

The debate has not been acrimonious because, in contrast with a widely circulated but anonymous document on changes in the constitution, the Swaran Singh committee's proposals have been welcomed as "moderate"—a conclusion that is almost universally acclaimed. The former document's suggestion for a Presidential system based on the French model and for the removal of the Supreme Court's right to determine whether legislation is constitu-

tional have been dropped. Even so, the Swaran Singh committee report is controversial enough.

The most debatable recommendation is for a clause to be added to the constitution to the effect that any amendment of the constitution shall not be called in question in any court on any ground.

The committee wants only the Supreme Court (and not the High Courts) to be allowed to rule on the constitutional validity of laws passed by Parliament and State legislatures. Its reasoning is that the proposed arrangement would centralise the review process and that, in place of 15 High Courts giving verdicts, only one agency would deal with the laws. But, as one commentator has said, this has "the demerit of putting too great a burden on the Supreme Court and of denying it the benefit of the opinions of the High Courts. The highest court of the land need not be turned into a court of first as well as final appeal." The same comment questions the committee's suggestion that the Supreme Court may invalidate legislation only with the concurrence of two-thirds of the judges comprising a bench. But obviously the suggestion has been made to do away with the confusion that is created by individual and often contradictory judgments by members of a bench.

A more basic proposal is that constitutional changes shall not be questioned in the courts. The Supreme Court has already conceded to Parliament the sweeping power to do away with fundamental rights and the directive principles of the constitution that the people of India gave themselves on January 26, 1950. To extend this further, critics argue, would mean that Parliament could "ride rough shod over a much wider range of the citizens' rights, even under the mistaken judgment that a particular law is for the social good."

A significant portion of the final Swaran Singh report is a suggested amendment of the constitution so that a state of emergency can be proclaimed in a part of the country only instead of the country as a whole, as is necessary under existing provisions. This is particularly significant in view of the current state of emergency proclaimed by the president in June 1975. The committee says that high courts should retain powers to issue writs on matters connected with fundamental rights, since these are considered an essential safeguard against bureaucratic excesses. While rejecting the suggestion that a special tribunal should be set up to consider complaints of administrative abuses or excesses, the committee said: "The existing powers of the high courts to issue writs for the



Mr. Swaran Singh

enforcement of fundamental rights will continue."

The committee also recommended that the preamble to the constitution be amended so that the country is described as a Sovereign Democratic Secular Socialist Republic instead of the existing Sovereign Democratic Republic.

What has been widely welcomed is the recommendation that the special tribunals be appointed to deal with appellate labour cases. This is a specialised job and will save the time of the High Courts (which are now groaning under the burden of dealing with nearly half a million pending cases). This will be of special interest to the State governments, as will the more controversial proposal for the creation of a nine-member authority—three members from each of the Houses of Parliament and another three nominated by the President—to decide any disputes surrounding the election of the President, Vice-President, Prime Minister, and the Speaker of the Lok Sabha (lower House of Parliament) and the members of Parliament and State legislatures. The background of this is the setting aside of the election of Mrs. Gandhi by the Allahabad High Court last June, an event that set off a chain of events which ended with the proclamation of the state of emergency. The constitutional amendments that followed took the election of the four dignitaries out of the jurisdiction of the courts; the Swaran Singh com-

mittee's recommendation to extend it to all legislators seeks to make it more acceptable.

The committee has suggested that the Central Government should have the right to deploy its own police forces in the States in the event of a grave threat to law and order. The Centre has been wanting to do this for years, particularly since disorders in 1968 when non-Congress Governments swept to power in many States and many refused to allow the Central Reserve Police to enter their territories.

Electorate

There is agreement that constitutional changes are essential in the light of the experience gained since 1950 when India became a republic. The electorate gave Mrs. Gandhi overwhelming support in the 1971 elections on the basis of a manifesto which said, among other things: "As a result of certain judicial pronouncements, it has become impossible to implement effectively some of the directive principles of our Constitution. It will be our endeavour to seek such further constitutional remedies and amendments as are necessary to overcome the impediments in the path of social justice." Mrs. Gandhi obtained the two-thirds majority in Parliament required for constitutional amendments. It has been made clear that the Government does not have in mind a change from the parliamentary system. Mrs. Gandhi said as long ago as last August that she "is not thinking in terms of a constituent assembly or a new constitution. Neither the spirit of our constitution nor its essential characteristics can change." Later, when the widely-circulated anonymous note on constitutional changes called for a presidential system, many wondered whether the Prime Minister or the ruling party had had fresh thoughts on the subject. Mrs. Gandhi said on January 21 1976, that she did not think "that the presidential system by itself could solve the problem. The U.S. has a presidential system but has its own constitutional and other difficulties. France also has to find solutions to many constitutional problems. I am in favour of the present constitutional system of parliamentary government in India, with perhaps some modifications."

The Swaran Singh committee's final report also found that the parliamentary system is best suited to Indian needs and should not be replaced by a presidential one. What final shape the proposals will assume when they are put into practice should become clearer during the All-India Congress Committee's session.

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JULY 28 1976

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FINANCIAL TIMES REPORT

Thursday, May 27 1976

Vehicle Components

The component manufacturers have shown considerable resilience during the crisis that has shaken the motor industry in the last two years. But the period of depression has had a profound effect and, in particular, hastened the moves towards greater European integration.

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COMPONENT manufacturers have been peculiarly resistant to the crisis that has shaken the industry over the past years. Profits have, inevitably, declined overall. But most have managed to survive, and some, such as Bosch, have even managed to show improvement in the last few years. The period of depression has, however, left its mark. For one thing, it has encouraged the industry to look towards greater European integration, a move which has a gathering force during the decade and which last year reflected spectacularly in GKN's bid for Sachs of West Germany. Second, it has driven suppliers to look for new markets, even wider than the European market, to make up for the loss of business in the home market. And it has led to increasing efforts to exploit export markets and the valuable economies of scale which can be achieved in vast numbers since

the early 1950s. But several pressures are working to change this. Car exports themselves are one significant factor, since they open up markets into which component manufacturers can follow in order to serve replacement needs; from that base can grow new manufacturing facilities and even a place in the overseas original equipment business, selling to the local manufacturers.

Another powerful influence towards integration has been the U.S. invasion of the European industry. This has been going on for well over a decade, with the result that several large concerns which span national boundaries are now well-established in Europe. In diesel engines, for example, Perkins, owned by Massey-Ferguson, and based in the U.K., has plants in Spain and Germany, and is also working on the large Massey-Ferguson engine and tractor plant project in Poland.

There are a number of other U.S. companies involved in the truck industry that are developing increasingly strong sales on the Continent either through local manufacturing or exporting from a U.K. base. Cummins in diesel engines, and Eaton and Rockwell in axles, have all expanded rapidly in recent years.

Acquisition

Parallel to these concerns several U.S. companies have established sizeable European car component organisations. JTT (making brakes, shock absorbers, and electrical equipment) now runs businesses in Germany, Italy, Holland and the U.K.; Bendix (brakes) is in the U.K. and France; and TRW (valves and steering gears) has built up a large British business

through a steady process of acquisition.

U.K. companies have been particularly aggressive in their policy of European expansion. The most notable example in the last few years is GKN, which went into Europe later than several other component companies, but moved in spectacular fashion when it did so, taking over Uni-Cardan, a German propeller shaft and universal joint manufacturer with a turnover of well over £50m. GKN's bid for Sachs, still under negotiation, is on an even larger scale, marking a decisive attempt by the company to establish a firm foothold in the most buoyant car industry in Europe.

Alongside GKN, the three others of the so-called "big four" public component companies — Lucas, Associated Engineering and Automotive Products — have all established themselves in Europe. Several smaller concerns have followed suit: Wilmot-Breeden, for example, is well established in France, Smiths Industries was a German organisation, and the large new Ford car plant, shortly to open in Spain, has also encouraged some companies to set up component operations there.

By contrast Continental companies have been less expansion-minded, but one or two of them, notably Teves, the German brake manufacturer owned by ITT, are beginning a serious push towards export markets. Teves has taken it as far as establishing a factory in South Wales, the first significant example of a Continental concern setting itself up to attack the British in Britain itself.

In step with the component manufacturers' efforts to reach across national frontiers, the car companies themselves have been seeking a wider variety of suppliers. This derives in part

from the push towards dual sourcing, the system of ensuring more than one supplier for a particular component, and thereby establishing an insurance against delays; the development of the three multinational concerns — Ford, General Motors and Chrysler — on an integrated European basis will give a further impetus towards this trend.

At the same time the car producers have been looking at ways of cutting their own component bills by spreading their buying over a wider geographical area. In the past, the main reason for this was the local car manufacturing companies, often with one manufacturer only, but these links are breaking down under the impact of competitive EEC pressures: to-day, for example, Volvo, Fiat, Volkswagen, Citroën and Renault all buy considerable quantities of components in Britain. Several Continental manufacturers are also looking at ways of expanding their buying in Britain because of the helpful effects of the slide in the pound.

Competitive

The competitive forces unleashed by the growth of the EEC have also given stimulus to the exporting effort. Among Continental manufacturers, for example, it is significant that the Automotive Products Group developed by ITT over the last decade, has, within the last three years put a lot of muscle into widening its overall European market penetration and developing overseas sales. The object has been to treat the collection of companies, which used to have extremely localised sales as part of an international business: the most dramatic result of this change of policy is the establishment of the Teves brake manufacturing

concerns in the U.K. and the U.S.

The dominant position of the British component manufacturers as exporters partly derives from the strength of post-war U.K. car sales to the Commonwealth and Third World, which ingrained the exporting habit in the satellite industries as well. Over the last two years, however, exports have been stimulated by the effort to counteract the impact of the slump in Britain; last year, for instance, the industry registered a 34 per cent increase on 1974 with sales of £1.1bn, as against £855m. There has been a similar, steady increase this year as well.

Some of this increase must be due to the increasing proportion of the car manufacturers' exports that go out of the country as components for overseas assembly. There has been a steady drift towards this kind of activity because of the growing demand in developing countries for local participation in car manufacturing, and there is no doubt that this will continue. What this goes to show is that the relationship between the car manufacturers and their component suppliers has become extremely complex.

There are many in the industry who believe that these links will become even more complicated. For example, over the past few years the British motor manufacturers have made a determined effort to get into the profitable replacement parts business by setting up more thorough wholesaling organisations than they had previously. At the other end of the business, the growing trend towards joint manufacturing on the part of the car and commercial vehicle assemblers could spell

a threat to component producers in certain sectors.

The logic of these joint assembly plants is simple: the car manufacturers believe that there is considerable scope for making larger components like engines and gear boxes on a joint basis in order to achieve economies of scale, while maintaining their own organisations to design the overall engineering and shape of the car. Already Renault, Peugeot and Volvo have such a joint engine plant, and a new diesel engine factory is under development in Italy for Alfa Romeo, Fiat and Renault, scheduled to open in autumn 1977. These developments beg the question of where the manufacturers will stop: indeed the establishment of automatic transmission factories by General Motors and Ford in Europe has hit the independent American producer, Borg Warner, very hard indeed.

Component manufacturers acknowledge the force of these pressures from the manufacturers. But they themselves talk from a position of considerable strength. For one thing, no manufacturer likes to be tied to one source only for important parts: for another, the component manufacturers themselves are putting together larger and more powerful organisations; and thirdly, they have a considerable depth of technical ability which cannot be easily duplicated. To-day, as the motor industry tries to develop lighter construction techniques, cleaner and more economical engines, and begins to look at the comprehensive application of electronics to the car, this technical strength is a good insurance policy for future health.

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The battle for exports

REACTION of the West German Cartel Office in forcing Guest, Keen and Nettleton to buy 75 per cent of Sachs, a company of the Fichtel Sachs motor component for £71.5m, illustrates the growth and aggressiveness of U.K. automotive component industry. In the first quarter year the industry made a contribution to overseas sales. It raised shipments per cent to £350m, nearly a half times the value of similar products through these increased 29 per cent to £103m.

and safety wheels: Robery Owen in truck rear axles. Their contribution to the motor industry in the exceptionally difficult years since the oil crisis in the autumn of 1973 has been on a rising and increasingly important scale.

In addition to direct exports, component makers have been attracting international, and especially European, car makers to their products, not because the weak pound has made them cheaper but because they are technically unexcelled. The biggest single overseas customer for U.K. automotive parts over the past several years has been Volvo, the Swedish manufacturer. Purchases have risen from £10m. in 1965 to around £60m. annually. The U.K. content of a Volvo car varies from 20-25 per cent of the total value, which is 15-17 per cent for trucks, and 95 per cent for Volvo's double-decker bus plant at Irvine in Scotland.

More than 200 U.K. suppliers are involved in keeping Volvo factories working, taking their products to a purpose-built Volvo cargo terminal at Immingham at the rate of about 400 tons a day. The components are transferred to drive-on ferries for the voyage to Gothenburg, on Sweden's west coast,

where Volvo has its main factories. Similar arrangements on a smaller scale exist for Volkswagen, which is on the way to building up requirements to around £20m. in the 1980s, Fiat, Renault, and indeed most of the major European producers. Further afield, the U.K. component makers are increasingly active in the U.S., where Burman and Sons has recently won a \$1m-plus contract to supply steering gear, Brazil, Iran, South Korea and other developing nations bent on establishing a road transport industry.

Presence

Many of the leading component makers supply the European motor industry with selected items from their plants on the Continent. The U.K. component and accessory industry has a much bigger presence in Europe than their European opposite numbers have here. This is partly because European motor manufacturers have tended to make far more of the finished vehicle in their own factories than has been the case in the U.K. It is also partly due to more highly sophisticated U.K. marketing operations.

In addition, many of the leading component makers have licensed manufacturers in countries in which, like Japan, it is difficult to sell or which pose problems in lengthy supply lines. But this multi-sourcing, a hedge against a single supplier being unable to deliver, works in the opposite direction to preserving their home territory for themselves. There are comparatively few European, or even American based component makers in the U.K.

Imports last year of components were £365m, compared with £297m. in the previous year, a jump of 30 per cent, and there is no doubt that they will increase in the years ahead. On the other hand the British component industry can lay claim to being the biggest supplier of its kind in Western Europe.

In 1973 shipments of components and accessories increased by 23 per cent over the previous year to £700m. In 1974 the increase was a fifth, and last year they topped the £1bn, for the first time, accelerating by no less than 34 per cent from £855m. to £1,143m.

The value and magnitude of the expansion helps to explain the relative buoyancy of the component industry, which contrasts strongly with the car makers. Car imports are continuing to outstrip car exports—£175m. in and £147m. out in the first quarter—and but for contribution of the component sector and of the tractor, bus and truck makers, the U.K. motor industry's balance of payment would look much less strong.

Once again, in the first quarter of this year component and accessory exports led the way with a 36 per cent rise to £350m, nearly three and a half times the value of imports, which were up 26 per cent at £103m. A growing proportion of the imports are by component makers to feed into their own retail or replacement marketing organisations until such time as the volume makes it worth while making the products themselves. Since foreign cars now comprise nearly one in five of the car population, this may not be too far ahead.

Peter Cartwright

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Good record of innovation

THE MOTOR INDUSTRY is a powerhouse of technical innovation. This has been true ever since the distant days in 1886 when Karl Benz made his first fragile vehicle powered by an internal combustion engine. But in the past few years the pace and direction of technical development has been forced along at a faster rate than normal, first by Government decree, and second by the demands for fuel economy in a fuel-hungry world. And at the same time electronics, as yet in its infancy in the industry, is beginning to create increasing interest.

Over the short term improvements in fuel economy have been pursued through corrective measures such as better carburation devices and combustion techniques. Virtually all the large motor companies, for example, have been recalibrating their carburetors to deliver leaner mixtures, while some—Leyland and Chrysler in particular—have widened the use of thermostatically controlled inlet air temperature valves to hasten warm-up time.

Ford's development of the so-called "sonic idler" carburetor, which has won a Design Council award, is another notable development, given the company's gradual drift towards higher performance, and relatively thirteens engines during the 1960s. The carburetor introduces shock waves into the fuel/air mixture designed to create a better and leaner mix, which leads to more efficient burning, and is claimed to give a considerable improvement in petrol consumption.

Higher gearing ratios, the wider introduction of overdrive systems, electrical rather than engine-driven fans and improvements in exhaust manifold design are all playing their part in the drive towards greater economy. But at the same time, for the new generation of engines, manufacturers are investing in radical new designs to produce lighter and more efficient units.

These developments are going on across a bewilderingly

wide front. On the one hand, car companies are paying more and more attention to the use of light alloys and aluminium rather than cast iron in engines. This has already led to a large number of engines utilising aluminium cylinder heads, and several volume manufacturers are seriously thinking of following down the trail blazed by the Chrysler Imp 12 years ago, and going over to complete aluminium engines; in the U.S. General Motors has, for several years had an aluminium engine, including aluminium pistons, running in its 2.3 litre Vega model.

Combustion

Efficiency of combustion has been another significant issue for the engine designers, partly for economy reasons, and partly because high quality combustion reduces noxious emissions. In Japan, in particular, so far hit hardest by Government regulations on pollution, the development work has been intense: Government-inspired research is reckoned by Nissan, the manufacturer of Datsun cars, to have taken up about one-third of its total research and development programme in the past few years.

Perhaps the most notable single achievement in Japan recently has been the Honda CVCC engine, in which the combustion chamber has been redesigned with a small, linked chamber for igniting a rich petrol mixture, which then spreads to the main chamber. The advantage of the system is that it gives a more uniform and complete burn, and Honda has clearly demonstrated the healthy mileage per gallon that can be achieved with the device. Several other manufacturers are now looking at similar auxiliary chamber systems.

Petrol injection methods, currently very much concentrated on luxury cars, are also likely to gain wider use because of the greater accuracy they give—and hence less wastage—in the distribution of fuel. But for a few manufacturers a more immediate development may well be the use of diesel engines. The last 24 months thought to be decisive against it in the volume car market,



Drum brake linings being tested on a 24 hour basis at Ferodo.

demand for diesel engines which produce something like a 30 per cent. better performance in terms of miles per gallon than petrol engines (although diesels need to be larger to give the same performance). One of the results of this explosion in diesel demand is that both Perkins and Lucas, which manufacture diesel injection equipment through its CAV subsidiary, have announced large expansions in recent months.

Diesels have, of course, been used for many years on the Continent by Mercedes, Peugeot and Opel; but the big breakthrough this year will be the adoption of the engine by one of the most important European mass producers, Volkswagen. In the past, the diesel's disadvantages—the weight and size needed to accommodate higher compression ratios—have been mechanical contact breaker devices for activating the spark

where its noise, "knocking" characteristics and price will tell against it. So Volkswagen of the more accurate timing and efficiency this engenders.

In contrast to the diesel, electric cars are still in their infancy, with no firm promise of surviving. Even if they do not, however, electric vehicles, using no gears, and driven by simple accelerators, and reverse mechanisms, demonstrate the effectiveness of electronics when applied to cars: they simplify the vehicle immensely and cut out considerable weight at the same time.

This is why several manufacturers are showing considerable excitement about electronic systems, which have the potential to eradicate much of the heavier mechanical control systems now in use. For example, electronic ignition, in which electrical pulses replace the mechanical contact breaker device for activating the spark

Computers

In the laboratories, the designers have already conceived of the all-electronic car; automatic gear changes would be handled by computers rather than complicated mechanical mechanisms; all the instrumentation would be electronic; and the braking system could be controlled electronically as well.

Some of these developments are, indeed, already very close to adoption in mass-produced vehicles. For example, anti-lock, computer-controlled braking systems—which allow the car to be steered fully under control during violent braking—are in an advanced state of development in companies like

Electronic systems have, of course, been boosted by the development of microcircuitry, which has dramatically reduced the bulk of control devices. To-day, companies like Bosch, which marketed the first electronic fuel injection system, are developing central electronic units for the car in which a single master control device takes care of all the basic functions of the car—fuel injection, ignition control, gear changes, brake application and instrument readings.

The introduction of electronic systems will gradually help reduce the weight of cars, giving a further boost to the improvements made by adopting aluminium components, plastics and glass fibre body panels. In the U.S., where manufacturers are vigorously seeking the means of taking weight out of their cars in order to comply with new regulations requiring much lower fuel consumption, the new generation of cars, this development is particularly urgent. But in Europe, too, manufacturers are clearly at a stage when they must seek any means of reducing petrol consumption. The entire motoring public has become more conscious, and ways of meeting this challenge must be the paramount task for development engineers over the next few years.

Terry Dodsworth

The accessory market

ONE OF THE more difficult aspects of the vehicle accessories market is defining it. Statistics to indicate its size are non-existent and it seems likely that no two people, or companies could reach agreement on not only what is an accessory but, more important, what is not an accessory. Some may consider that a sparking plug qualifies for the description, but others are equal in their assertion that such an item is a part.

Despite the shortage of statistics, however, it is possible to state without contradiction that accessories have been a growth market over the past 10-15 years. Whether this will remain so is a little unclear at present and certainly in some areas of the market there has been a levelling off in demand, if not a decline. This is partly due to economic factors, but competition between manufacturers, resulting in "extras" being fitted as part of the purchase price, has played a part in bringing the market to its present position.

The market place itself has changed radically over the same 10-15-year period. Whereas garages were, with the exception of certain shops like Halfords, the main outlet for accessories, now—according to Mr. Edward Spearing, chairman of Brown Brothers Corporation, the parts and accessories group—it is the "motorist on foot" who is the main target of the retailers and manufacturers of anything from a rear window demister to a luggage rack. Thus, supermarkets and other multiple stores like Woolworths have entered the market with great success and they now command a dominant position with certain products.

Range

The range of products is enormous and there are scores of different manufacturers. Some accessories, particularly on the fringes, readily lend themselves to the opportunist. For example, short rally-driving coats with stripes down the arms can easily be put together by any small tailoring business and numerous different makes of these coats are to be found in High Street and garage shops. But those tend to be fashion lines and thus are part of a more volatile, price-cutting market.

An indication of how the accessory market is made up

can be given by looking at the way in which Brown Bros., a spokesman for which estimated the total accessory market as being worth about £160m a year at trade prices—breaks up its accessory business into three categories: engine maintenance; the "looking after" area; and the "looking good" category of product. The first takes in plugs, filters, radiator caps, thermostats, hoses, clips, nuts and bolts and other things like windscreen wiper blades. This is a category which aims at the "do-it-yourself" motorist since many of the products would require the

motorist to have more than a wing to be a fast-selling passing knowledge of how a car product.

The "looking good" category is the one on the decline. This is the bolt-on type of product such as the fog lamp and spot lights, body-filler substances, light, together with rear polishes and rust preservatives, window heaters. It is also the stage when they must seek any means of reducing petrol consumption. The entire motoring public has become more conscious, and ways of meeting this challenge must be the paramount task for development engineers over the next few years.

CONTINUED ON NEXT PAGE

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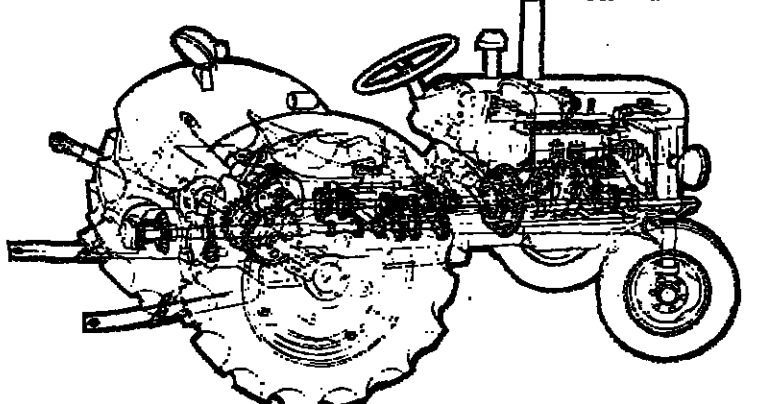


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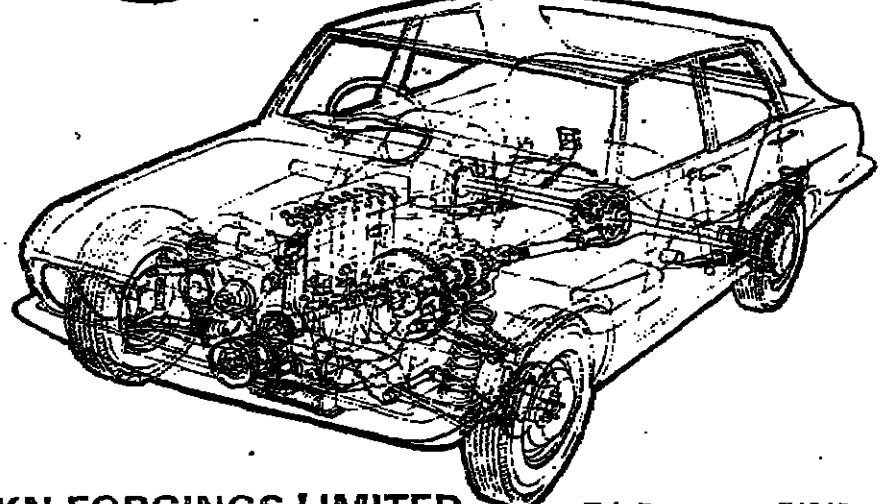
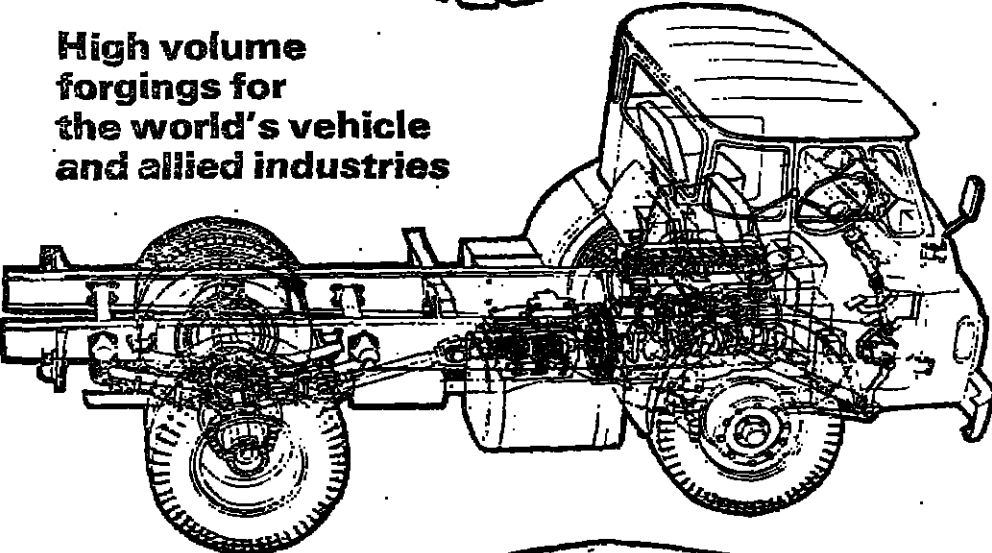
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VEHICLE COMPONENTS III

Safety a major factor

TWO components most and the strong trend to low profile, or wider, squatter, tyres. Since Michelin, the French tyre manufacturer, introduced radials to overcome the problem of very rapid tyre wear on front-wheel drive Citroens 30 years ago, radials have captured an increasing share of the international market, including the U.S., where belted bias tyres have predominated. These are a hybrid having a cross-ply casing with a reinforcing cross-ply belt and a carefully selected cord angle differential between the two. In attempting to encompass the best of all worlds in comfort, long life and performance they have failed to match the advantages of radials, particularly for European conditions.

Tyre manufacturers in the U.K. are concentrating on wet grip and improved mileage. The only function of grooves in the tyre tread is to remove water. Ideally a tyre should be smooth in order to put the maximum amount of rubber on the road, and in desert conditions this may be possible, but elsewhere a suitable compromise has to be reached. Unfortunately tread patterns also create noises that travel through the suspension into the body of the car, making driving a fatiguing business that reduces safety levels. To minimise this it is usual to "scramble" the patterns in order to prevent one particular noise from becoming dominant.

The stability and comfort of the ride, as well as the noise, are also affected by the suspension. It is in the interest of both the car designer and tyre maker to collaborate at an early stage on the choice or creation of the most suitable tyre.

Radials

High mileage is a feature of radials. They provide up to 50 per cent more life than cross-ply tyres, and this kind of economy is keenly sought in times of soaring motoring costs. It is perfectly possible to build tyres that will give 100,000 miles but this would almost certainly be at the expense of stability, comfort or some other safety-related factor. And equally the same tyres on a car driven on full lock at 5 mph would probably not last 100 miles. The manner in which a vehicle is driven dictates how many miles the tyres will give, and no amount of intrinsic improvement to their longevity will entirely eliminate that.

Of course improved materials and construction are of fundamental importance in tyre technology, and every supplier of

synthetic and oil-extended varieties of rubber and tyre makers has research programmes to find new and better materials. Wheel and tyre makers have in recent years successfully produced "fail-safe" components enabling the victim of a puncture to carry on driving. Pirelli's DIP (Development Integrated Project), which is made by injection moulding and is forecast to revolutionise the tyre industry in the 1980s, is a brilliant example. The "Total Mobility Concept"—the Desova tyre that stays on the rim after a blow out and can be driven after a puncture at 50 mph for up to 100 miles; Firestone's somewhat similar ACT concept—the Avon Safety wheel and the Rubery-Owen RO-Safe system, which uses a standard pressed steel wheel. In time it should lead to abandoning the spare wheel and so allow greater carrying capacity.

Braking systems have also been undergoing systematic development. They have to contend with increasingly demanding legislation. The major revolution has been the adoption of front disc brakes, which in the past six or seven years have almost completely

replaced drum brakes on U.K. cars. Only two volume models—the Escort and Mini—now have drum brakes. But the trend to incorporating discs at the rear has been slowed down. In at least one instance of a replacement model it has been reversed. Partly this was because of an early difficulty with getting the handbrake to do its job properly, but this has been overcome. Girling, for instance, supplies adjusters which are fitted on the big American Fords that have rear disc brakes.

Whichever variety of brake is used, all require friction materials of the highest values. The composition, and manufacture of these materials is a separate technology directed towards ensuring that brake linings or disc brake pads not only do their job efficiently but also give consistent performance. To achieve such standards Ferodo, for instance, has research and development programmes running night and day round the year. It recently resolved nagging problems of apparently inexplicable differences in the performance of identical batches of friction material. It identified titanium and other trace elements in methods of producing discs and drums as the culprits. Manufacturers should be able to eliminate the causes at the cost of a 1p or 2p per disc or drum, and the savings in warranty claims are likely to be substantial.

Car brakes, whether disc or drum, are usually hydraulically operated, with the assistance of a servo to lighten brake pedal pressure on cars of more than 1½ litre capacity. On heavy trucks, air-operated brakes are more common, and on articulated lorries comprising a tractor unit to which can be attached a trailer unit, air brakes are essential to overcome the problems of connecting the trailer braking system.

There is yet another main category of brake, increasingly found on agricultural tractors and off-the-road contractors' equipment. These are multi-plate, oil-cooled disc brakes enclosed in the transmission unit. New tractor models in the higher horse powers are increasingly adopting this system. An important safety device

Essential

Much more is likely to be heard about retarders in the future and, indeed, about self-levering devices which keep the vehicle at the same height irrespective of loading, like some French cars. In the more distant future, automatic power systems will probably take over the braking effort because "detoxing" engines to reduce pollution also reduces the normal vacuum in the intake manifold essential for the operation of a vacuum servo. Thus some cars have a special pump to create the necessary vacuum.

But invaluable as all these developments are, the biggest contribution to road safety could arguably be made by improved road surfaces. Dunlop has come forward with some interesting prospects with its Delugrip, which is being extensively tested in widely varying conditions. One of the first stretches to have been laid down was on the M4 near Hammersmith Flyover in the London suburbs. In the two and a half years it has been in operation, Delugrip has retained its co-efficient of friction—skid resistance—at around 0.7-0.8. The co-efficient of friction of an ordinary asphalt surface after being polished by traffic is commonly in the 0.2 or below area.

Peter Cartwright

Big expansion in diesel market

criticism of the diesel industry to say that it has been able to cope with a massive increase in demand over the last 18 months. Until now, the diesel market was established on a programme of growth, directed at the commercial sector where the diesel engine has been in the grip of established engines at the lower weight range. This changed once the effects of the oil price rise began to be felt, and both the motor and its customers look around for many of lightening the fuel

results of this switch in are now feeding through automatic way to the money, where Lucas, for example, is now in the process of £42m. with a new issue. Some £35m. of says, will go into investment in diesel engine equipment, which the plans to double in the 1980s. Britain's other as manufacturer in the engine field Perkins, is making big increases in, with a programme to 'ough, which raised output by 13 per cent, other £15m. investment, large-scale development, however, give only a of what could happen diesel industry over the decade. By far the most news in the last months has been the element that Volkswagen to sell a diesel version of its mass-produced Passat models in the future. If that were a success, operating in the engine volume where diesels have

Output

During 1975 car buyers showed that they were definitely interested in the diesel concept, and the three main European manufacturers of diesel vehicles—Mercedes, Opel and Peugeot—all expanded output considerably. These manufacturers have in the past been supported in their diesel manufacturing by the fact that their vehicles are used widely as taxis (British Leyland, of course, also powers its taxis with diesel engines), and that they are offered only in larger cars, where noise deadening can be more effective.

Larger quality cars are also much more likely to match up to the durability characteristics of the diesel, which will generally outlast a petrol engine because it has to be built more robustly to accommodate higher compression levels. In smaller vehicles, however, manufacturers have argued that diesel units are far too noisy, too expensive (because they are built more strongly they cost more), and possibly unnecessarily durable. Volkswagen's experiment, starting off in Germany where diesel cars have always been more popular than elsewhere in Europe, will therefore be watched with great interest.

Inevitably, the future success of diesels in small cars depends on the ability of the engineers

CONTINUED FROM PREVIOUS PAGE

Accessories

have dropped off heavily. A portable phone which serves a purpose in more than a car since it can be plugged into a power system more or less anywhere. Still an embryo market, although very much bigger in the U.S., is the air conditioning unit. Alpina, a subsidiary of the double glazing group, Alpine Holdings, have now been in the market for two years, producing systems costing from around £250 to almost £700. These, however, require particular characteristics in a car, particularly sufficient cubic capacity and also sufficient room under the bonnet to fit the mechanism. Another change in market demand for accessories has been created by the increasing number of automatic cars now on the roads. Because such cars require more power on start-up and because they can only be started on battery and not bump-started, the need for a strong battery has led to bigger battery sales. At the same time, the jump leads which enable a car with a flat battery to connect with another car battery are also attracting increasing demand these days.

more expensive end market, telephones are also popular accessories in recent years. The progress

The retailer keeping a lookout for what items are likely to come in and what will become unpopular will have found the door-mounted rear-view mirror to be a prime example. First the wing-mirror lost appeal in favour of the door mounted type favoured in the U.S. and on the Continent, but with more manufacturers fitting this type as original equipment it is likely this will be a declining market product.

But while there have been lots of accessories as either special offers or standard items, the introduction by Ford of its no-frills Escort/Popular after the Second World War when just the bare essentials were put on a car and the motorist had to put on many of his own lights, together with other pieces of equipment which subsequently became standard, this is the kind of move which, if copied by Ford's rival manufacturers, would give necessary impetus to another boom period in the pure accessory market alone.

Nicholas Leslie

Terry Dodsworth

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High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

INDUSTRIALS (Misc.)

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

ENGINEERING - Continued

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

DRAPERY AND STORES - Continued

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

ELECTRICAL AND RADIO

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

BUILDING INDUSTRY - Continued

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

CHEMICALS, PLASTICS

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

CINEMAS, THEATRES AND TV

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

CANADIANS

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

TRANSPORT AND HIRE PURCHASE

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

BUILDING INDUSTRY, TIMBER & ROADS

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

AMERICANS

High	Low	Stock	Price	Div	Yield	Vol	Traded
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98
100	98	100	98	100	98	100	98

Conversion factor 0.6944

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TESTS—Continued

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FINANCIAL TIMES

Thursday May 27 1976

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Nine lords in Wilson list

BY PETER HENNESSY, LOBBY CORRESPONDENT

SIR MAX RAYNE, chairman of London Merchant Securities, Sir Lew Grade, chairman of Associated Television and his brother Sir Bernard Delfont, chairman of EMI, Sir Joseph Kagan, chairman of Kagan Textiles, and Sir George Weidenfeld, the publisher, are among nine men awarded peerages in Sir Harold Wilson's resignation honours list published last night.

Mr. Len Murray, general secretary of the TUC, becomes a privy councillor. The Lord Chancellor, Lord Elwyn-Jones, and Mr. Edward Short, MP, former Lord President, become Companions of Honour.

Among those knighted are Mr. James Goldsmith, chairman of Cavenham, Mr. Sigmund Sternberg, chairman of the Commodities Research Unit, Mr. James Hanson, chairman of Hanson Trust, and Mr. John Terry, managing director of the National Film Finance Corporation.

Also knighted are the actors Mr. Stanley Baker and Mr. John Mills. Mr. Mike Yarwood, famous for his impersonations of Sir Harold, receives an O.B.E.

Traditionally a list compiled by an outgoing Prime Minister is presented without comment, but by his successor to the Queen.


 MR. JAMES GOLDSMITH
... a knight.

The publication of Sir Harold's list was delayed by a partial leak of its contents, which Sir Philip Allen, a member of the Security Commission.

Some names are likely to inspire hostile comment from Left-wing Labour MPs, who have frequently criticised Sir Harold for his closeness to individual businessmen.

Sir Harold's list contains 42 names, five more than his resignation honours in 1970, and one more than the list drawn up by Mr. Heath in 1974.

Among others receiving peerages are Professor John Valsay of Brunel University, Mr. Terence Boston, former Labour MP, Mr. Albert Murray, another former Labour MP who now runs Sir Harold's political office, and Sir Joseph Stoute, his personal physician.

Also knighted were Mr. Freddie Warren, private secretary to the Chief Whip, Mr. Eric Miller, chairman of Peachey Property Corporation, and Mr. Frederick Gooding, a businessman.

Among those honoured for personal services to Sir Harold are Miss Dorothy Gordon, the senior steward at Chequers, Mr. Bill Housden, his driver, Mrs. Thora Pollard, his housekeeper, Miss Peggy Field, Lady Wilson's personal secretary, and Mrs. Edith Causier, senior cleaner of the Prime Minister's office at No. 10 Downing Street.

Monopoly ruling against Herbert Morris merger

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ANY MERGER between crane and hoist maker Herbert Morris and Mr. Teddy Smith's Amalgamated Industrial Group would be against the public interest, the Monopolies Commission says in a report published last night.

AI is already deemed to be in control of Morris because of a near 40 per cent. shareholding and made a full bid last November.

"In our view there is a serious risk that either merger situation will interfere adversely with the progress of Morris, including its contribution to the balance of payments, will cause serious friction in relations with trade unions and employees and will make it more difficult for Morris to raise funds from banks and finance houses."

"We therefore recommend that the contemplated merger should not be permitted and that the existing merger should not be allowed to continue."

The commission says that AI and its associates should sell Morris shares in order to bring their holdings down below 10 per cent. of the issued capital.

It also recommends that the selling operation should be supervised by the Director-General of Fair Trading so as to avoid the shares being snapped up by another potential bidder for Morris.

"Obviously the merits of any such situation would be a matter for separate consideration. At this juncture, however, further uncertainty would be undesirable."

This is only the third merger which the Monopolies Commission has pronounced to be against the public interest since the beginning of 1973. The others were the proposed mergers of Davy International with British Rollmakers and of Boots with House of Fraser.

In its report on the bid for Morris, the Commission points out that the affairs of AI's parent concern and Mr. Smith's master company Brynmor Finance, now called Ramor Investments, are being investigated by the Department of Trade.

"We did not think it fell to us to investigate specific complaints about the conduct of affairs in Brynmor and AI. It is not, however, possible to ignore the widespread distrust of Mr. A. T. Smith and Mr. P. C. Regard which stems from an impression that in their business activities they are interested primarily in making quick financial gains."

The Commission says Morris is a major U.K. producer of cranes and hoists which in recent years has much improved its performance. The Department of Industry regards the future of Morris as important to the U.K. crane industry and the many other industries that use its products.

AI explained to the Commission that it was an industrial holding company which seeks to invest its resources in successful or potentially successful trading companies offering prospects of growth and that it applied its expertise to the building up of trading subsidiaries in the group.

"We find it difficult to relate this description to the past record of AI which appears to have bought and sold subsidiaries with regard mainly to the immediate financial interests of the group," the report adds.

Ford form improves in 3-3 primary draw

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 26.

PRESIDENT FORD emerged from yesterday's six Presidential primary elections in better shape than he had anticipated. Mr. Jimmy Carter, the Democratic challenger, had another mixed day, losing the psychologically important contest in Oregon to Senator Frank Church, but winning 107 of the 179 delegation places at stake.

As expected, Mr. Ford beat Mr. Ronald Reagan by 54-46 per cent. Although the slight underdog, Mr. Ford also took the primaries in Kentucky (51-47) and Tennessee (50-49), drawing great heart from these results.

Mr. Reagan's three successes were, as forecast, by bigger margins. He won Nevada by 66-34 per cent., in Arkansas by 63-36, and in Idaho by 74-25. The former California governor ended by winning 100 delegates to the President's 76.

Mr. Reagan's delegate successes were fractionally better than he had hoped for, but they do not offset the psychological lift the President received from having shared the six primaries, rather than losing them, as seemed possible, by five to one.

Nor does Mr. Reagan's greater success substantially reduce Mr. Ford's lead in this critical aspect of the race for the nomination. The President now has 784 delegates to his challenger's 640, with 129 so far uncommitted, and 1,130 needed for the nomination.

It therefore looks as though the prize will largely be determined by the results in California, Ohio and New Jersey on June 8, when a total of 331 delegates will be at stake. The 167 strong California delegation went whole to the winner of the preferential poll, in which Mr. Reagan is still heavily favoured.

However, a motion was introduced yesterday into the State legislature seeking to overturn the winner-take-all aspect of the primary.

then the President's chances of the nomination, for which he needs the slight popular vote lead to be immeasurably enhanced.

Next week's trio of primaries in Montana, Rhode Island and South Dakota are insignificant in terms of delegate strength. The President will probably take Rhode Island with ease, but may lose the other two. If he performs creditably there, however, he may pick up useful momentum for the major races a week later.

Mr. Ford has adopted a more presidential style of campaigning in the last few weeks and his advisers will probably be sufficiently encouraged by yesterday's results to recommend that he sticks to this tactic. His biggest help yesterday was probably a Reagan error which affected the tight race in Tennessee: Mr. Reagan had hinted that the Tennessee Valley Authority would be reconstituted.

On the Democratic side, it is clear that Mr. Carter still has some way to go before winning the nomination. He lost to Senator Church in Oregon 36-64 per cent., with California Governor Jerry Brown, waging only a written-in campaign, finishing a strong third with 21 per cent.

A expected, he also lost Idaho to Senator Church, his native son, by 60-40 per cent., and Nevada to Governor Brown by 53-47 per cent. But his triumphs in the three border states, even if they were opposition from Governor Wallace and Congressman Udall, were nonetheless conclusive: he took Arkansas with 63 per cent., Kentucky with 55 per cent., and Tennessee with 78 per cent., rolling up a large popular vote in the process.

The delegate game Page 4

Continued from Page 1 Platform

These companies are the most prosperous of the shipbuilders being swept into the State net, and a 5p gain in Vosper's share price reflected the markets' judgment of the company's potential if it remains in private hands.

Where companies in which the Government has a stake are generally apprehensive about yesterday's development. Many senior managers at Govan, Sunderland Shipbuilders and Cammell Laird share the Government's view that the industry will benefit from national reorganisation.

However, the authoritative voice of British shipbuilding, the Shipbuilders and Repairers' National Association, hoped that the position would become clearer in the next day or two. Mr. Clifford Bayly, its director, said that while consistently opposing nationalisation, his organisation had equally consistently called for a national shipbuilding policy.

Iceland party backs terms

REYKJAVIK, May 26. THE ICELANDIC Government is working hard to prepare the ground for an early peaceful settlement with the British Government of the long drawn out fishing dispute.

Members of the leading party in the ruling coalition, the Independence Party, are said to have informed their Cabinet Ministers after a meeting to-day that they will support the Government on a short-term settlement.

The MPs of the other Government party, the Progressive Party, had a long meeting this afternoon. There has been some opposition to a settlement within the party.

This morning the powerful foreign affairs and fisheries committees of Parliament met jointly to discuss possible settlement terms.

It is speculated in Icelandic political circles that the two negotiations between Iceland and Britain will take place in two or three days in Oslo, provided Royal Navy support leaves the 200-mile zone.

THE LEX COLUMN

The trading range under pressure

In common with many of the world's stock markets, share prices in London have moved to the very bottom of a trading range stretching back over several months. Progressive declines through yesterday left the 30-Share Index at its lowest point since late February, and within a couple of points of the base of a 30-point band in which it has been moving since the second week in January. So its performance within the next day ranges are now having a big impact in terms of bull market psychology.

What the market needs more than anything else is a turn for the better in sterling, and there were no signs of that yesterday. Short-term money market interest rates were still pushing up, and it looks as though the upward adjustment in the U.S. still has further to go. This makes the relative strength at the long end of the gilt-edged market appear vulnerable—the 20-year Government stocks index is only 2.3 per cent. off its 1976 peak. A relatively flat yield curve may be consistent with expectations of lower inflation, but these may get something of a jolt this morning from the National Institute's latest projections.

Moreover the Bank of England has not got all the time in the world to catch up with its gilt-edged sales targets, which must run to more than £0.5bn. monthly for the current financial year. And unlike last year its task is—according to the National Institute—going to be made harder by a falling personal savings ratio. If sterling does not improve the Bank may have to create a higher long-term yield base for its selling efforts.

up till 1980 and should make a positive impact on profits from October onwards. The underlying liquidity position is strong enough at present and coupled with the earnings prospects this should mean that Government support can be phased out painlessly—providing a favourable background to the dividend decision. The maximum gross payment of 114p has already been twice covered by half-year earnings.

Marley is on target for profits of perhaps £17m. pre-tax this year, against £11.1m. in 1974-75—excluding any exchange bonus which so far is running at £2m. Six month profits are £3.5m. higher at £7.3m. (ignoring the currency gain) and the driving force is coming from a rise of a quarter in concrete. The volume in the U.K. plus a move out of the red overseas, France will be covered at least twice.

Some two-thirds of profits arise outside the U.K. and BOC is clearly heading for further profits growth next year so this share price looks to have reservations. BOC's gearing is one problem with the last balance-sheet putting net borrowings of £155m. some £35m. ahead of shareholders' funds. Another is its tussle with the FTC which is still a long way from being resolved. For perspective, Aircro is currently priced at £28 against the £20 that BOC paid for its 35 per cent. stake; and the associate is probably going to contribute close to 25p to this year's earnings per share. Meantime, a 1975-76 yield of 6.8 per cent. will be covered at least twice.

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'Impressive' names are on list for Equity Capital chief

BY MARGARET REID

SOME "IMPRESSIVE" names were already on the list of possible appointees as chief executive of the "equity bank," Equity Capital for Industry, Lord Plowden the chairman said yesterday at a private meeting with 60 pension fund managers in London.

Lord Plowden was answering questions about Equity Capital, which is seeking up to £50m.—£17m. from pension funds—for its role of channelling capital to companies unable to raise it on the market.

Managers asked questions about the justification for putting money into the new body, when prospective returns from it appeared smaller or more uncertain than from other investments.

There was also criticism that the project should be so far advanced without a chief executive being appointed.

Mr. Max Lander, chairman of the National Association of Pension Funds, said after a 90-minute meeting, however, that he was confident that the pen-

sion funds would put up at least the required minimum of 60 per cent. of the shares offered to them and probably more.

Lord Plowden explained the new venture, which will go ahead if £50m. is put up in appropriate proportions among the groups of institutions by June 16, said: "This is a serious experiment on the part of the private sector to see if there is a financing gap."

"We shall proceed on a pragmatic basis by trial and error. Profitability will be the criterion."

One sceptical manager of a large pension said that "trustees wanted to know how they should explain the case for going into this venture when the return was less than they would normally expect."

Another queried the justification for Equity Capital as a vehicle with no track record, no management experience, proceeding by trial and error and offering no facility for selling the investment in it.

A third asked: "Should a trust put money into an experiment?"

A range of answers was produced by Lord Plowden and three Board colleagues, all associated with pension funds—Mr. Anthony Stenham, finance director of Unilever, Mr. John Rogers, deputy chairman of Ciba Geigy, and Mr. Alfred Singer, managing director of National Westminster Bank.

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Equity Capital could take a longer-term view of genuinely deserving investments than many individual funds; and the City would have time to prepare for a more difficult time, say a year ahead from the present mature market boom, when its investing activities would be more widely needed.

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Face-saving formula at Unctad talks

By Reginald Dale

NAIROBI, May 2